

# Notice of Proxy Statement for Shareholders of United Development Funding IV (UDF IV)

- Vote for NexPoint's Nominees at 2024 Annual Meeting & Election
- Elect Trustees Who Will Protect Your Interests and Maximize Value of UDF IV Shares

July 22, 2024

Dear Fellow UDF IV Shareholders,

For nearly a decade, shareholders of United Development Funding IV ("UDF IV" or the "Company") have been denied fundamental rights by an entrenched Board of Trustees. UDF IV's Trustees have improperly prioritized their interests and those of former executives—some of whom are currently in prison—over the shareholders' interests. Shareholders have suffered for years under this regime, but you now have **an opportunity to VOTE FOR CHANGE at UDF IV and elect new Trustees who will represent your interests and seek to maximize value of your UDF IV shares: Paul S. Broaddus, Edward N. Constantino, John A. Good, and Julie Silcock.**

The incumbent Trustees have disenfranchised shareholders, allowed egregious misuse of shareholder funds, and actively fought requests for basic transparency and accountability. This years-long lack of oversight leaves shareholders with a de-registered, illiquid stock and no plans to restore the deeply eroded value of UDF IV shares. **The current Trustees must be replaced. Now, shareholders can make that happen.**

NexPoint has nominated four independent and highly qualified trustee candidates for election at the 2024 Annual Meeting. NexPoint's nominees have decades of real estate and investment industry experience. If elected, they will work to establish a high standard of trust and transparency, instill rigorous financial reporting, adopt proper corporate governance practices, and actively communicate and engage with shareholders.

**Enclosed are a proxy statement, GREEN proxy card, and FAQs on NexPoint's nominees and the upcoming Annual Meeting and election. We encourage you to arm yourself with the facts and support our nominees, each of whom has the experience, expertise, and integrity needed to realign UDF IV with the interests of its shareholders.**

**We urge you to exercise your rights and vote for change at UDF IV.**

**VOTE THE GREEN PROXY CARD FOR:**

**Paul S. Broaddus   Edward N. Constantino   John A. Good   Julie Silcock**

This election is shareholders' opportunity to reclaim rightful ownership of the Company following years of corrupt governance and stagnant illiquidity. We hope you will support us in our effort to replace the incumbent Trustees and elect NexPoint's nominees to put UDF IV on a path to recovering value.

Sincerely,

NexPoint Real Estate Opportunities, LLC

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## Frequently Asked Questions (FAQs)

### UDF IV 2024 Annual Meeting & Trustee Election

#### Q. Who is NexPoint?

A. NexPoint is a multibillion-dollar real estate and investment firm based in Dallas, Texas. Founded in 2012, together with our affiliates, our firm manages \$14.4 billion in real estate assets within a range of investment vehicles, including publicly traded REITs, private REITs, and registered funds.<sup>1</sup> NexPoint's managed real estate portfolio covers a variety of asset classes and property types. We manage funds with significant investments in residential real estate, with over 39,000 residential units across the multifamily and single-family rental sectors, and we are the advisor to a publicly traded mortgage REIT.<sup>2</sup> We understand UDF IV's underlying business, the North Texas market, and the investment structure in which UDF IV operates, and are therefore well equipped to help enact positive change at the Company.

#### Q. What is NexPoint's involvement in UDF IV?

A. NexPoint Real Estate Opportunities, LLC (NREO), part of the NexPoint real estate platform, believes it is the largest shareholder of UDF IV, owning more than 1.7 million shares.

NexPoint has been working since 2020 to bring accountability and transparency to UDF IV to help restore value in the Company and our investment. While our efforts have been met with significant resistance from UDF IV management and the Board of Trustees, this only reinforces the need for intervention.

NexPoint's involvement has already benefitted shareholders; our legal actions, which were vigorously challenged by UDF IV, led to the recent court order requiring the Company to hold an Annual Meeting of Shareholders at which four trustees must stand for election. NexPoint has nominated four individuals to serve as Trustees and encourages shareholders to vote for these highly qualified candidates who will represent shareholders' interests and provide proper oversight at UDF IV.

#### Q. Why is this Annual Meeting and election so significant?

A. This is the first time in over eight years that shareholders have the opportunity to exercise their fundamental right to vote for Independent Trustees who will protect their interests and seek to maximize shareholder value.

Under the oversight of the current Board, the Company failed to hold shareholder meetings at which Independent Trustees stood for election for more than eight years, denying shareholders the basic right to elect Trustees. NexPoint took legal action to defend shareholders and compel the Board to hold a fair election. Our actions resulted in the [recent court order](#) requiring UDF IV to hold a fair election of four Trustees at the upcoming Annual Meeting. Thanks to this order, shareholders now have the long overdue opportunity to exercise their right to vote and take action to remove the incumbent Trustees.

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<sup>1</sup> As of March 31, 2024.

<sup>2</sup> As of March 31, 2024, inclusive of affiliates.

## Q. Why is NexPoint nominating Trustees to replace the current members of the UDF IV Board?

A. As, we believe, UDF IV's largest shareholder, we are deeply concerned about its current state. The Company was central to a major fraud scheme by UDF IV executives to mislead investors and the SEC under the UDF IV Board's oversight.<sup>3</sup> In fact, several former UDF IV executives are in prison for crimes committed while under the oversight of essentially what is still the current Board. Even Hollis Greenlaw, who is now imprisoned, was replaced on the Board by a longtime UDF employee who was the acting Chief Compliance Officer during SEC investigation and deregistration. Mismanagement continues beyond this scheme as the Company fails to provide routine disclosures or allow shareholders to exercise basic rights.

Our goal is to help restore value at UDF IV. We believe the biggest barrier to this is the heavily entrenched Board of Trustees. NexPoint is therefore nominating four independent Trustee candidates who will work to set UDF IV on a path toward restoring value in its shares, benefitting all shareholders.

## Q. Who are NexPoint's nominees and why should shareholders vote for them?

A. NexPoint is nominating four individuals to replace the incumbent Trustees on the UDF IV Board: (1) Paul S. Broaddus; (2) Edward N. Constantino; (3) John A. Good; and (4) Julie Silcock.

These individuals are ideally qualified to serve on the UDF IV Board at this critical juncture. The nominees have experience in the real estate, REIT tax, and financial services sectors, including in the management and governance of REITs, as well as a range of additional skills and expertise relevant to the Company's business. They are well qualified to provide the expertise and oversight necessary to restore value in UDF IV shares.

*Additional information on our nominees and their relevant professional expertise can be found at [www.udfaccountability.com](http://www.udfaccountability.com).*

## Q. Who are the incumbent Trustees and how have they failed shareholders?

A. The four current UDF IV Trustees who are required to stand for election in 2024 are: (1) Lawrence Jones; (2) Philip Marshall; (3) J. Heath Malone; and (4) Steven Finkle.

Philip Marshall, J. Heath Malone, and Steven Finkle have served on the UDF IV Board since August 2008. During their tenure, these Trustees oversaw continuous criminal behavior and egregious mismanagement of the Company by UDF IV executives, not to mention the years of repeated disclosure violations that resulted in the SEC deregistering UDF IV in 2020.

Lawrence Jones has served on the UDF IV Board since August 2019. During his time as a Trustee, Mr. Jones (along with the other three incumbent Trustees) allowed millions in shareholder funds to be used to pay the legal fees for the UDF IV executives who were ultimately found guilty and whose convictions were even upheld on appeal.

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<sup>3</sup> Source: United States Department of Justice. (2022, January 21). United Development Funding Executives Convicted of Fraud. U.S. Attorney's Office, Northern District of Texas. Retrieved from <https://www.justice.gov/usao-ndtx/pr/united-development-funding-executives-convicted-fraud>. The Board of Trustees at the time included all current Trustees as well as Hollis Greenlaw, who is now imprisoned and was replaced by a long-time UDF employee who was the acting Chief Compliance Officer during SEC investigation and de-registration.

**In other words, the incumbent Trustees allowed shareholder funds to be used for the legal defense of UDF IV executives who were convicted for defrauding those same shareholders.**

All four incumbent Trustees are also responsible for the ongoing disenfranchisement of shareholders, including through making changes to the Company's bylaws in 2020, which enabled several of them to avoid impending elections and extend their terms as Trustees, protecting their own interests above those of shareholders.

The incumbent Trustees' track record is abysmal. As members of the UDF IV Board, they repeatedly failed to protect shareholders' interests, hold management accountable, enforce the Company's bylaws, or provide basic transparency. Shareholders have suffered for years under this regime, and finally have an opportunity to exercise their rights at the upcoming Annual Meeting and vote to replace the incumbent Trustees.

*Additional information on the Trustees' failure to act in the best interests of shareholders can be found at [www.udfaccountability.com](http://www.udfaccountability.com).*

**Q. How will NexPoint's nominees improve UDF IV's performance?**

**A.** Before any meaningful change can be made in improving UDF IV's performance, basic transparency and accountability must be restored. First, and most importantly, NexPoint's nominees would implement regular and detailed financial reporting and establish open lines of communication with shareholders. Due to the Company operating for years without proper disclosure, the extent of many of the issues at UDF IV are not fully known; however, we expect our nominees will identify additional areas of deficiencies in accountability and transparency, and actively communicate their findings to shareholders along with plans to rectify the issues and restore value.

Our nominees will implement necessary, fundamental changes in financial reporting and disclosures, review the use of shareholder funds for convicted former executives' legal expenses and other potentially improper transactions, potentially seek to recover funds for shareholders, and hold the appropriate parties accountable.

**Q. What is NexPoint's position regarding the auditor?**

**A.** NexPoint will vote against the re-appointment of Bodwell Vasek Wells DeSimone LLP as independent auditor of UDF IV due years of insufficient transparency, accountability, and basic financial reporting, but will not be making a voting recommendation to shareholders.

**Q. When is the Annual Meeting of Shareholders?**

**A.** The date for the Annual Meeting of Shareholders has not yet been announced by the Company. However, shareholders can vote for NexPoint's nominees TODAY using the enclosed GREEN proxy card, and the vote will be entered once an Annual Meeting date is set.

Maryland Circuit Court [issued an order](#) requiring the meeting to be held before December 31, 2024. We will keep you posted and notify you when a meeting date has been announced.

*Shareholders should register at [www.udfaccountability.com](http://www.udfaccountability.com) to ensure you receive all relevant updates from NexPoint.*

**Q. How do I vote at the Annual Meeting?**

**A.** Shareholders can use the enclosed GREEN proxy materials to vote for NexPoint's nominees. While the Annual Meeting date has not been announced, you can submit your vote TODAY and it will be applied once a meeting is set.

If you are the shareholder of record of UDF IV shares, please follow the voting instruction on the enclosed GREEN proxy card.

If you hold shares through a bank or brokerage firm, please follow the voting instructions listed on the enclosed GREEN voting instruction form.

**Q. Whom do I contact if I have questions?**

**A.** Contact Okapi Partners, NexPoint's proxy advisor, at (877) 869-0171 or at [info@okapipartners.com](mailto:info@okapipartners.com), with any questions regarding the Annual Meeting, voting information, and/or NexPoint's nominees.

**Q. Where can I find additional information on the Annual Meeting, voting information, and/or NexPoint's nominees?**

**A.** Additional information can be found at the website: [www.udfaccountability.com](http://www.udfaccountability.com).

*Shareholders should also sign up using the contact form on the website to receive all updates and communications about the Annual Meeting via email.*

*Additional FAQs can be found at [www.udfaccountability.com/faqs](http://www.udfaccountability.com/faqs).*

*All shareholders should review the Proxy Statement of NexPoint Real Estate Opportunities, LLC In Opposition To the Board of Trustees of United Development Funding IV (the "Proxy Statement") for important information about NexPoint, the NexPoint Nominees and NexPoint's proxy solicitation. The Proxy Statement can be found at [www.udfaccountability.com](http://www.udfaccountability.com) and will be sent to you at NexPoint's expense upon request. Please contact the website [www.udfaccountability.com](http://www.udfaccountability.com) for further information about the proxy solicitation and updates to the Proxy Statement from time to time. Please see Appendix A to the Proxy Statement for a listing and description of the participants in NexPoint's solicitation.*