

## IMPORTANT NOTICE: UDF IV Unsolicited Tender Offer

October 12, 2016

Dear Shareholder:

As you may be aware by now, SCM Special Fund 3, LP and Makenzie Capital Management, LP (the “Offerors”) initiated an unsolicited tender offer (the “Tender Offer”) to buy common shares of beneficial interest (the “Shares”) of United Development Funding IV (the “Trust”) for \$1.50 per share in cash. The Offerors are not in any way affiliated with, and do not represent, the Trust.

The Tender Offer is currently under consideration by the Trust’s board of trustees and management. On or before October 28, 2016, the Trust will advise you of whether the Trust recommends acceptance or rejection of the Tender Offer, expresses no opinion and remains neutral to the Tender Offer, or is unable to take a position with respect to the Tender Offer, along with the reasons for that position or inability to take a position.

The Trust requests that you defer making a determination whether to accept or reject such Tender Offer until you have been advised of the Trust’s position regarding the Tender Offer.

Very truly yours,



Hollis M. Greenlaw  
Chief Executive Officer