



## Case Summaries November 14, 2025

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### DECIDED CASES

*In re UMTH Gen. Servs., L.P.*, \_\_\_ S.W.3d \_\_\_, 2025 WL \_\_\_ (Tex. Nov. 14, 2025) [24-0024]

This original proceeding asks whether a corporate trust’s shareholders may directly sue a third party based on a contract between the trust and the third party. The shareholders contend the contract creates duties to individual shareholders.

United Development Fund IV is a Maryland real estate investment trust formed by a declaration of trust that designates Maryland as the exclusive forum for derivative actions brought on the Trust’s behalf. The Trust’s board appointed UMTH General Services, L.P., to manage its daily operations in an advisory agreement executed by the Trust and UMTH, not the individual shareholders. The agreement states: “The Advisor shall be deemed to be in a fiduciary relationship to the Trust and its Shareholders.” Relying on this provision, a shareholder and its subsidiary sued UMTH and affiliates in Dallas County for corporate waste and mismanagement, alleging that the advisory agreement permits them to sue the advisors to the Trust.

UMTH filed a verified plea in abatement, arguing that the shareholders’ claims are derivative claims, and thus the shareholders lack standing and the capacity to assert them. After the trial court denied the motion, UMTH unsuccessfully sought mandamus relief in the court of appeals.

The Supreme Court conditionally granted relief, directing the trial court to grant the plea and dismiss the case with prejudice. Although the shareholders have constitutional standing to sue, they lack capacity to bring the claims at issue. The advisory agreement does not provide individual shareholders with a personal cause of action, either directly or as third-party beneficiaries. The shareholders’ claims against the advisors are thus derivative claims, owned by the trust. Given the forum selection clause providing that derivative claims on behalf of the corporate trust must be brought in Maryland, the Court further held that the advisors lack an adequate remedy by appeal.