UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____to

Commission file number: 000-55601

REDWOOD MORTGAGE INVESTORS IX, LLC
(Exact name of registrant as specified in its charter)

Delaware	**26-3541068**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
177 Bovet Road, Suite 520, San Mateo, CA	**94402**
(Address of principal executive offices)	**(Zip Code)**

(650) 365-5341
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
none		

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ YES ☐ NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ YES ☐ NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ YES ☒ NO

Part I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

REDWOOD MORTGAGE INVESTORS IX, LLC
Balance Sheets
September 30, 2021 (unaudited) and December 31, 2020 (audited)

ASSETS	September 30, 2021	December 31, 2020
Cash, in banks	$ 1,553,909	$ 2,299,113
Loan payments in trust	99,078	130,898
Loans		
Principal	73,539,360	82,274,807
Advances	17,486	14,331
Accrued interest	539,109	683,975
Prepaid interest	(804,164)	—
Loan balances secured by deeds of trust	73,291,791	82,973,113
Allowance for loan losses	(55,000)	(55,000)
Loan balances secured by deeds of trust, net	73,236,791	82,918,113
Debt issuance costs, net	27,402	68,506
Prepaid expenses	31,520	—
Other receivable	1,094	—
Total assets	$ 74,949,794	$ 85,416,630
LIABILITIES AND MEMBERS' CAPITAL		
Accounts payable and accrued liabilities	$ 76,690	$ 99,516
Payable to related parties	3,501	4,185
Line of credit	1,100,000	10,000,000
Total liabilities	1,180,191	10,103,701
Commitments and contingencies (Note 6)		
Members' capital, net	77,211,140	79,124,948
Receivable from manager (formation loan)	(3,441,537)	(3,812,019)
Members' capital, net of formation loan	73,769,603	75,312,929
Total liabilities and members' capital	$ 74,949,794	$ 85,416,630

The accompanying notes are an integral part of these unaudited financial statements.

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Income
For the Three and Nine Months Ended September 30, 2021 and 2020 (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Revenue				
Interest income	$ 1,791,385	$ 1,857,029	$ 5,176,213	$ 4,796,705
Interest expense	(108,493)	(122,618)	(368,173)	(169,362)
Net interest income	1,682,892	1,734,411	4,808,040	4,627,343
Late fees	23,319	7,040	56,084	20,042
Total revenue, net	1,706,211	1,741,451	4,864,124	4,647,385
Provision for (recovery of) loan losses	—	—	—	(75)
Operations expense				
Mortgage servicing fees	49,921	48,500	153,881	134,831
Asset management fees	141,390	135,321	424,170	405,963
Costs from Redwood Mortgage Corp., net (Note 3)	70,022	72,181	214,284	72,181
Professional services	144,765	156,005	518,860	452,090
Other	15,079	3,331	37,777	10,678
Total operations expense	421,177	415,338	1,348,972	1,075,743
Net income	$ 1,285,034	$ 1,326,113	$ 3,515,152	$ 3,571,717
Net income				
Members (99%)	$ 1,272,184	$ 1,312,852	$ 3,480,001	$ 3,535,999
Manager (1%)	12,850	13,261	35,151	35,718
	$ 1,285,034	$ 1,326,113	$ 3,515,152	$ 3,571,717

The accompanying notes are an integral part of these unaudited financial statements.

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Changes in Members' Capital

For the Three Months Ended September 30, 2021 (unaudited)

	Members' Capital	Manager's Capital	Unallocated Organization and Offering Expenses	Members' Capital, net
Balance at June 30, 2021	$ 79,043,284	$ 204,075	$ (1,645,876)	$ 77,601,483
Net income	1,272,184	12,850	—	1,285,034
Earnings distributed to members	(1,092,332)	—	—	(1,092,332)
Earnings distributed used in DRIP	545,868	—	—	545,868
Members' redemptions	(1,150,803)	—	—	(1,150,803)
Organization and offering expenses allocated	(74,958)	—	74,958	—
Organization and offering expenses repaid by RMC	—	—	15,446	15,446
Early withdrawal penalties	—	—	6,444	6,444
Balance at September 30, 2021	$ 78,543,243	$ 216,925	$ (1,549,028)	$ 77,211,140

For the Nine Months Ended September 30, 2021 (unaudited)

	Members' Capital	Manager's Capital	Unallocated Organization and Offering Expenses	Members' Capital, net
Balance at December 31, 2020	$ 80,801,456	$ 181,774	$ (1,858,282)	$ 79,124,948
Net income	3,480,001	35,151	—	3,515,152
Earnings distributed to members	(3,337,326)	—	—	(3,337,326)
Earnings distributed used in DRIP	1,679,151	—	—	1,679,151
Members' redemptions	(3,850,860)	—	—	(3,850,860)
Organization and offering expenses allocated	(229,179)	—	229,179	—
Organization and offering expenses repaid by RMC	—	—	68,687	68,687
Early withdrawal penalties	—	—	11,388	11,388
Balance at September 30, 2021	$ 78,543,243	$ 216,925	$ (1,549,028)	$ 77,211,140

The accompanying notes are an integral part of these unaudited financial statements.

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Changes in Members' Capital

For the Three Months Ended September 30, 2020 (unaudited)

	Members' Capital	Manager's Capital	Unallocated Organization and Offering Expenses	Members' Capital, net
Balance at June 30, 2020	$ 81,547,630	$ 155,725	$ (2,068,360)	$ 79,634,995
Net income	1,312,852	13,261	—	1,326,113
Earnings distributed to members	(1,108,339)	—	—	(1,108,339)
Earnings distributed used in DRIP	567,813	—	—	567,813
Members' redemptions	(866,786)	—	—	(866,786)
Organization and offering expenses allocated	(79,580)	—	79,580	—
Organization and offering expenses repaid by RMC	—	—	21,323	21,323
Early withdrawal penalties	—	—	2,530	2,530
Balance at September 30, 2020	$ 81,373,590	$ 168,986	$ (1,964,927)	$ 79,577,649

For the Nine Months Ended September 30, 2020 (unaudited)

	Members' Capital	Manager's Capital	Unallocated Organization and Offering Expenses	Members' Capital, net
Balance at December 31, 2019	$ 81,755,930	$ 133,268	$ (2,260,068)	$ 79,629,130
Net income	3,535,999	35,718	—	3,571,717
Earnings distributed to members	(3,354,984)	—	—	(3,354,984)
Earnings distributed used in DRIP	1,730,609	—	—	1,730,609
Members' redemptions	(2,053,475)	—	—	(2,053,475)
Organization and offering expenses allocated	(240,489)	—	240,489	—
Organization and offering expenses repaid by RMC	—	—	42,184	42,184
Early withdrawal penalties	—	—	12,468	12,468
Balance at September 30, 2020	$ 81,373,590	$ 168,986	$ (1,964,927)	$ 79,577,649

The accompanying notes are an integral part of these unaudited financial statements.

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Cash Flows
For the Nine Months Ended September 30, 2021 and 2020 (unaudited)

	Nine Months Ended September 30, 2021	2020
Operations		
Interest income received	$ 6,125,243	$ 4,658,819
Interest expense paid	(336,840)	(101,445)
Late fees and other loan income	87,904	20,042
Operations expense	(1,395,325)	(1,011,549)
Total cash provided by operations	4,480,982	3,565,867
Investing – loans		
Loans funded	(34,824,300)	(36,327,850)
Principal collected	42,683,651	25,301,168
Loan transferred from related mortgage fund	(4,671,760)	(2,296,677)
Loans transferred to related mortgage funds	2,559,588	—
Loans sold to non-affiliate	2,988,268	480,000
Advances made on loans	(3,155)	(3,634)
Promissory note funded to related party	—	(850,000)
Total cash provided by (used in) investing	8,732,292	(13,696,993)
Financing		
Members' capital		
Distributions to members		
Earnings distributed, net of DRIP	(1,658,175)	(1,624,375)
Redemptions, net of early withdrawal penalties	(3,826,458)	(2,025,944)
Total distributions to members	(5,484,633)	(3,650,319)
Organization and offering expenses received, net	68,687	42,184
Formation loan collected	357,468	—
Cash used in members' capital	(5,058,478)	(3,608,135)
Line of credit		
Advances	8,255,000	19,250,000
Repayments	(17,155,000)	(9,250,000)
Debt issuance costs	—	(109,526)
Cash (used in) provided by line of credit	(8,900,000)	9,890,474
Total cash (used in) provided by financing	(13,958,478)	6,282,339
Net decrease in cash	(745,204)	(3,848,787)
Cash, beginning of period	2,299,113	4,450,529
Cash, end of period	$ 1,553,909	$ 601,742

Non-cash financing activity for the nine months ended September 30, 2021 and 2020 includes early withdrawal penalties of $24,402 and $27,531, respectively, which reduced members' capital by $11,388 and $12,468, respectively, as these amounts were applied to unallocated organizational and offering expenses and the formation loan in the amount of $13,014 and $15,063, respectively. Non-cash financing activities for the nine months ended September 30, 2021 and 2020 also includes earnings distributed to the dividend reinvestment plan of $1,679,151 and $1,730,609, respectively. Non-cash investing activity for the nine months ended September 30, 2020 includes $20,068 for principal charged off and $7,534,512 for loans transferred to held for sale. There was no principal charged off or loans transferred to held for sale for the nine months ended September 30, 2021.

The accompanying notes are an integral part of these unaudited financial statements.

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Cash Flows
For the Nine Months Ended September 30, 2021 and 2020 (unaudited)

Reconciliation of net income to total cash provided by operations	**Nine Months Ended September 30, 2021**	**2020**
Net income	$ 3,515,152	$ 3,571,717
Adjustments to reconcile net income to net cash provided by operations		
Charge off of accrued interest	—	(11,858)
Amortization of debt issuance costs	41,104	27,320
Provision for (recovery of) loan losses	—	(75)
Change in operating assets and liabilities		
Loan payments in trust	31,820	—
Accrued interest	144,866	(140,336)
Prepaid interest	804,164	14,308
Prepaid expenses	(31,520)	—
Other receivable	(1,094)	(19,200)
Accounts payable and accrued liabilities	(22,826)	45,452
Payable to related parties	(684)	78,539
Total adjustments	965,830	(5,850)
Total cash provided by operations	$ 4,480,982	$ 3,565,867

The accompanying notes are an integral part of these unaudited financial statements.

NOTE 1 – ORGANIZATION AND GENERAL

Redwood Mortgage Investors IX, LLC (“RMI IX” or “the company”) is a Delaware limited liability company formed in October 2008 to engage in business as a mortgage lender and investor by making and holding-for-investment mortgage loans secured by California real estate, primarily through first and second deeds of trust. The company is externally managed by Redwood Mortgage Corp (“RMC” or “the manager”). RMC provides the personnel and services necessary for the company to conduct its business as the company has no employees of its own. The mortgage loans the company funds and invests in are arranged and generally are serviced by RMC.

In the opinion of management of RMC, the accompanying unaudited financial statements contain all adjustments, consisting of normal, recurring adjustments, necessary to present fairly the financial information included therein. These unaudited financial statements should be read in conjunction with the audited financial statements included in the company’s Form 10-K for the year ended December 31, 2020, filed with the U.S. Securities and Exchange Commission (SEC). The results of operations for the three and nine months ended September 30, 2021 are not necessarily indicative of the operating results to be expected for the full year.

The rights, duties and powers of the members and manager of the company are governed by the Ninth Amended and Restated Limited Liability Company Operating Agreement of RMI IX (the “Operating Agreement”), the Delaware Limited Liability Company Act and the California Revised Uniform Limited Liability Company Act.

Members representing a majority of the outstanding units may, without the concurrence of the managers, vote to: (i) dissolve the company, (ii) amend the Operating Agreement, subject to certain limitations, (iii) approve or disapprove the sale of all or substantially all of the assets of the company or (iv) remove or replace one or all of the managers. Where there is only one manager, a majority in interest of the members is required to elect a new manager to continue the company business after a manager ceases to be a manager due to its withdrawal.

The following is a summary of certain provisions of the Operating Agreement and is qualified in its entirety by the terms of the Operating Agreement. Members should refer to the Operating Agreement for complete disclosure of its provisions.

The manager is solely responsible for managing the business and affairs of the company, subject to the voting rights of the members on specified matters. The manager acting alone has the power and authority to act for and bind the company. RMC is entitled to one percent (1%) of the profits and losses of the company and to fees and reimbursements of qualifying costs as specified in the Operating Agreement.

The company’s primary investment objectives are to:

- yield a favorable rate of return from the company’s business of making and/or investing in loans;
- preserve and protect the company’s capital by making and/or investing in loans secured by California real estate, preferably income-producing properties geographically situated in the San Francisco Bay Area and the coastal metropolitan regions of Southern California; and,
- generate and distribute cash flow from these mortgage lending and investing activities.

Net income (or loss) is allocated among the members according to their respective capital accounts after one percent (1%) of the net income (or loss) is allocated to the manager. The monthly results are subject to subsequent adjustment as a result of quarterly and year-end accounting and reporting. Federal and state income taxes are the obligation of the members, other than the annual California franchise tax and the California LLC cash receipts taxes paid by the company.

The company’s net income, cash available for distribution, and net-distribution rate fluctuates depending on:

- loan origination volume and the balance of capital available to lend;
- the current and future interest rates negotiated with borrowers;
- line of credit advances, repayments and the interest rate thereon;
- loan sales to unaffiliated third parties, and any gains received thereon;
- the amount of fees and cost reimbursements to RMC;
- the timing and amount of other operating expenses, including expenses for professional services;
- the timing and amount of payments from RMC on the formation loan; and,
- fee and/or cost reimbursements waived, if any, from RMC.

The ongoing sources of funds for loans are the proceeds (net of redemption of members' capital and operating expenses) from:

- loan payoffs;
- borrowers' monthly principal and interest payments;
- line of credit advances;
- loan sales to unaffiliated third parties;
- payments from RMC on the outstanding balance of the formation loan; and
- sale of units to members participating in the dividend reinvestment plan.

The company intends to hold until maturity the loans in which it invests and does not presently intend to invest in mortgage loans primarily for the purpose of reselling such loans in the ordinary course of business; however, the company may sell mortgage loans (or fractional interests therein) when the manager determines that it appears to be advantageous for the company to do so, based upon then current interest rates, the length of time that the loan has been held by the company, the company's credit risk and concentration risk and the overall investment objectives of the company. Loans sold to third parties may be sold for par, at a premium or, in the case of non-performing or under performing loans, at a discount. Company loans may be sold to third parties or to the manager or its related mortgage funds; however, any loan sold to the manager or a related mortgage fund will be sold for a purchase price equal to the greater of (i) the par value of the loan or (ii) the fair market value of the loan. The manager will not receive commissions or broker fees with respect to loan sales conducted for the company; however, selling loans will increase members' capital available for investing in new loans for which the manager will earn brokerage fees and other forms of compensation.

COVID-19

Given the ongoing and dynamic nature of the impacts on peoples' lives, the healthcare system and its resources, and the economy and real estate markets since the World Health Organization declared the COVID-19 outbreak a pandemic, it is not possible to predict or estimate the impact - for the remainder of 2021 and the years beyond - of the COVID-19 outbreak on the financial condition, the liquidity or the results of operations of the company. While the company has not incurred material disruptions to date, the rapid developments and fluidity of COVID-19 may cause the manager, in the future, to adjust its business operations, lending parameters, and collection practices and processes for past-due loans. The majority of borrowers have continued to make monthly payments and/or negotiated in good faith resulting in extensions on terms consistent with the original loan terms. No loan losses were incurred in the first nine months of 2021 and none were incurred in 2020.

During 2020 and to a lesser extent in 2021, as a result of the disruptions caused by the pandemic, the company experienced a manageable increase in requests for loan extensions, payment delinquencies and requests for forbearance agreements from borrowers. Market conditions, regulatory restrictions on the company's enforcement rights with respect to loans in default, delays in foreclosure proceedings, including moratoriums in some jurisdictions, and backlogs in the courts has increased the timeline to resolve non-performing and /or maturing loans.

Distribution policy/Distribution reinvestment plan (DRIP)

Cash available for distribution at the end of each calendar month is allocated ninety-nine percent (99%) to the members and one percent (1%) to the manager. Cash available for distribution means cash flow from operations (excluding repayments for loan principal and other capital transaction proceeds) less amounts set aside for creation or restoration of reserves. The manager may withhold from cash otherwise distributable to the members with respect to any period the respective amounts of O&O expenses allocated to the members' accounts for the applicable period pursuant to the company's reimbursement to RMC and allocation to members' accounts of O&O expenses. The amount otherwise distributable, less the respective amounts of O&O expenses allocated to members, is the net distribution. Per the terms of the company's Operating Agreement, cash available for distribution to the members is allocated among the members in proportion to their percentage interests (except with respect to differences in the amounts of O&O expenses allocated to the respective members during the applicable period) and in proportion to the number of days during the applicable month that they owned such percentage interests.

See Note 3 (Manager and Other Related Parties) to the financial statements for a detailed discussion on the allocation of O&O expenses to members' accounts.

Cash available for distributions allocable to members who have elected to receive distributions is disbursed at the end of each calendar month. The manager's allocable share of cash available for distribution is also distributed not more frequently than cash distributions to members.

The distribution reinvestment plan (DRIP) provision of the Operating Agreement permits members to elect to have all or a portion of their monthly distributions reinvested in the purchase of additional units. Cash available for distributions allocable to members who have elected to participate in the DRIP is distributed and reinvested in units at each month end.

In May 2019, the company filed a Registration Statement on Form S-3 with the SEC (SEC File No. 333-231333) that went effective May 9, 2019, to offer up to 15,000,000 units ($15,000,000) to members of record as of April 30, 2019 who had previously elected to participate in the DRIP or who later provide written notice to the manager electing to participate in the DRIP, in those states in which approval has been obtained. As of September 30, 2021, the aggregate gross proceeds from sales of units to members under the company's DRIP pursuant to the May 2019 Form S-3 Registration Statement is approximately $5,596,000.

To determine the amount of cash to be distributed in any month, the company relies in part on its forecast of full-year net income, which takes into account the difference between the forecasted net income for the remainder of the year and actual results in the year to date and the requirement to maintain a cash reserve. As of September 30, 2021, the difference between earnings allocated to members’ capital accounts and net income available to members was approximately $34,000, and is expected to be offset by future earnings in excess of net distributions in 2021 as a result of borrower payments received including forgone interest on loans designated non-accrual.

Liquidity and unit redemption program

There are substantial restrictions on transferability of units, and there is no established public trading and/or secondary market for the units and none is expected to develop. In order to provide liquidity to members, the company’s Operating Agreement includes a unit redemption program, whereby beginning one year from the date of purchase of the units, a member may redeem all or part of their units, subject to certain limitations.

The price paid for redeemed units is based on the lesser of the purchase price paid by the redeeming member or the member’s capital account balance as of the date of each redemption payment. Redemption value – for other than DRIP units - is calculated based on the period from date of purchase as follows: after 2 years 94% of the purchase price or of the capital balance, whichever is less; after 3 years 96%; after four years 98%; and after five years 100%.

The company redeems units quarterly, subject to certain limitations as provided for in the Operating Agreement. The maximum number of units which may be redeemed per quarter per individual member shall not exceed the greater of (i) 100,000 units, or (ii) 25% of the member’s total outstanding units. For redemption requests requiring more than one quarter to fully redeem, the percentage discount amount if any, that applies when the redemption payments begin continues to apply throughout the redemption period and applies to all units covered by such redemption request regardless of when the final redemption payment is made.

The company has not established a cash reserve from which to fund redemptions. The company’s capacity to redeem units upon request is limited by the availability of cash and the company’s cash flow. As provided in the Operating Agreement, the company will not, in any calendar year, redeem more than five percent (5%) of the weighted average number of units outstanding during the twelve-month period immediately prior to the date of the redemption. In the event unit withdrawal requests exceed 5% in any calendar year, units will be redeemed in the order of priority provided in the Operating Agreement.

Manager’s interest

If a manager is removed, withdrawn or terminated, the company will pay to the manager all amounts then accrued and due to the manager. Additionally, the company will terminate the manager’s interest in the company’s profits, losses, distributions and capital by payment of an amount in cash equal to the then-present fair value of such interest.

Term of the company

The term of the company will continue operations until 2028, unless sooner terminated as provided in the Operating Agreement, or extended by majority vote of the members.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Management estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions about the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Such estimates relate principally to the determination of the allowance for loan losses, including, when applicable, the valuation of impaired loans (which itself requires determining the fair value of the collateral), and the valuation of real estate owned, at acquisition and subsequently. Actual results could differ materially from these estimates.

Fair value estimates

GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

Fair values of assets and liabilities are determined based on the fair-value hierarchy established in GAAP. The hierarchy is comprised of three levels of inputs to be used:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly in active markets and quoted prices for identical assets or liabilities that are not active, and inputs other than quoted prices that are observable, or inputs derived from or corroborated by market data.
- Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the company's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the company's own data.

The fair value of real property is determined by exercise of judgment based on management's experience informed by appraisals (by licensed appraisers), brokers' opinion of values and publicly available information on in-market transactions. Appraisals of commercial real property generally present three approaches to estimating value: 1) market comparables or sales approach; 2) cost to replace; and 3) capitalized cash flows or income approach.

These approaches may or may not result in a common, single value. The market-comparables approach may yield several different values depending on certain basic assumptions, including the consideration of adjustments made for any attributes specific to the real property.

Management has the requisite familiarity with the real estate markets it lends in and of the specific properties lent on to analyze sales-comparables and assess their suitability/applicability. Management is acquainted with market participants – investors, developers, brokers, lenders – that are useful, relevant secondary sources of data and information regarding valuation and valuation variability. These secondary sources may have familiarity with and perspectives on pending transactions, successful strategies to optimize value and the history and details of specific properties – on and off the market – that enhance the process and analysis that is particularly and principally germane to establishing value in distressed markets and/or property types.

Cash in banks

Certain of the company's cash balances in banks exceed federally insured limits of $250,000. The bank or banks in which funds are deposited are reviewed periodically for their general creditworthiness/investment grade credit rating. See Note 5 (Line of Credit) for compensating balance arrangements.

Loans and interest income

Performing loans are carried at amortized cost which is generally equal to the unpaid principal balance (principal). Management has discretion to pay amounts (advances) to third parties on behalf of borrowers to protect the company's interest in the loan. Advances include, but are not limited to, the payment of interest and principal on a senior lien to prevent foreclosure by the senior lien holder, property taxes, insurance premiums and attorney fees. Advances generally are stated at the amounts paid out on the borrower's behalf and any accrued interest on amounts paid out, until repaid by the borrower. For performing loans, interest is accrued daily on the principal plus advances, if any.

Non-performing loans (i.e., loans with a payment in arears) less than 180 days delinquent continue to recognize interest income as long as the loan is in the process of collection and is considered to be well-secured. Non-performing loans are placed on non-accrual status if 180 days delinquent or earlier if management determines that the primary source of repayment will come from the foreclosure and subsequent sale of the collateral securing the loan (which usually occurs when a notice of sale is filed) or when the loan is no longer considered well-secured. When a loan is placed on non-accrual status, the accrual of interest is discontinued for accounting purposes only; however, previously recorded interest is not reversed. A loan may return to accrual status when all delinquent interest and principal payments become current in accordance with the terms of the loan agreement. Late fees are recognized in the period received.

The company may fund a specific loan net of an interest reserve (one to two years) to insure timely interest payments at the inception of the loan. Any interest reserve is amortized over the period that the amount is prepaid. In the event of an early loan payoff, any unapplied interest reserves would be first applied to any accrued but unpaid interest and then as a reduction to the principal.

In the normal course of the company's operating activities, performing loans that are maturing or have matured may be renewed at then current market rates of interest and terms for new loans.

From time to time, the manager negotiates and enters into loan modifications with borrowers whose loans are delinquent (non-performing). If a borrower is experiencing financial difficulties and a loan modification were to result in an economic concession to the borrower (i.e., a significant delay or reduction in cash flows compared to the original note), the modification is deemed a troubled debt restructuring (TDR).

In March 2020, various federal regulatory agencies issued an interagency statement on loan modifications and reporting for financial institutions working with borrowers affected by COVID-19. The interagency statement was effective immediately and impacted accounting for loan modifications. The agencies confirmed with the staff of the Financial Accounting Standards Board (FASB) that short-term modifications made on a good faith basis in response to COVID- 19 to borrowers who were current prior to any relief, are not to be considered TDRs. This includes short-term (e.g., six months) modifications such as payment deferrals, fee waivers, extensions of repayment terms, or other delays in payment that are insignificant.

The company funds loans with the intent to hold the loans until maturity. From time to time the company may sell certain loans when the manager determines it to be in the best interest of the company. Loans are classified as held-for-sale once a decision has been made to sell loans and the loans held-for-sale have been identified. Loans classified as held for sale are carried at the lower of cost or fair value.

Pursuant to California regulatory requirements, borrower payments are deposited into a trust account established by RMC with an independent bank (and are presented on the balance sheet as "Loan payments in trust"). Funds are disbursed to the company as collected which can range from same day for wire transfers and up to two weeks after deposit for checks.

Allowance for loan losses

Loans and the related accrued interest and advances (i.e., the loan balance) are analyzed on a periodic basis for ultimate recoverability. Collateral fair values are reviewed quarterly and the protective equity for each loan is computed. As used herein, "protective equity" is the dollar amount by which the net realizable value (i.e., fair value less the cost to sell) of the collateral, net of any senior liens exceeds the loan balance, where "loan balance" is the sum of the unpaid principal, advances and the recorded interest thereon.

If based upon current information and events, it is deemed probable the company will not collect substantially all amounts due according to the contractual terms of the original loan agreement, then a loan is designated as impaired. An insignificant delay or insignificant shortfall in the amount of payments does not constitute non-performance with the contractual terms of the original loan agreement if the manager expects to collect the amounts due including interest accrued at the contractual interest rate for the period of delay. In determining the probability that the borrower will not substantially perform according to the terms of the original loan agreement, the manager considers the following:

- payment status – if payments are in arrears 90+ days (typically 3 payments past due) loans are designated impaired unless resolution of the delinquency is forthcoming without significant delay;
- bankruptcy – if the borrower files bankruptcy, the loan is designated impaired;
- notice of sale – if the company files a notice of sale, the loan is designated impaired.

Payments on loans designated as impaired are applied in the following order: late fees, accrued interest, advances, and lastly to principal.

For loans that are deemed collateral dependent for repayment, a provision for loan losses is recorded to adjust the allowance for loan losses (principal and/or recorded interest) in an amount such that the net carrying amount (unpaid principal plus recorded interest, less the specific allowance) is reduced to the lower of the loan balance or the estimated fair value of the related collateral, net of any costs to sell and net of any senior debt and claims.

The company charges off uncollectible loans and related receivables directly to the allowance account once it is determined the full amount is not collectible. Any amounts collected after a charge off is deemed a recovery of loan losses. If the loan goes to foreclosure, an updated appraisal is ordered and the recorded investment in the loan is adjusted to the net realizable value of the REO to be acquired. The adjustment is made to the specific reserve in the allowance for loan losses by a charge or a credit to the provision for loan losses.

Real estate owned (REO)

Real estate owned, or REO, is property acquired in full or partial settlement of loan obligations generally through foreclosure and is recorded at acquisition at the property's net realizable value, which is the fair value less estimated costs to sell, as applicable. The fair value estimates are derived from information available in the real estate markets including similar property, and often require the experience and judgment of third parties such as commercial real estate appraisers and brokers. The estimates figure materially in calculating the value of the property at acquisition, the level of charge to the allowance for loan losses and any subsequent valuation reserves. After acquisition, costs incurred relating to the development and improvement of property are capitalized to the extent they do not cause the recorded value to exceed the net realizable value, whereas costs relating to holding and disposition of the property are expensed as incurred. REO is analyzed periodically for changes in fair values and any subsequent write down is charged to operations expenses. Any recovery in the fair value subsequent to such a write down is recorded and is not to exceed the value recorded at acquisition. Recognition of gains or losses on the sale of real estate is dependent upon the transaction meeting certain criteria related to the nature of the property and the terms of the sale including potential seller financing.

Debt issuance costs

Debt issuance costs are the fees and commissions incurred in the course of obtaining a line of credit for services from banks, law firms and other professionals and are amortized on a straight-line basis, which approximates the interest method, as interest expense over the term of the line of credit.

Recently issued accounting pronouncements

- *Accounting and Financial reporting for Expected Credit Losses*

The FASB issued an Accounting Standards Update ("ASU") that significantly changes how entities will account for credit losses for most financial assets that are not measured at fair value through net income. The new standard will supersede currently in effect guidance and applies to all entities. Entities will be required to use a current expected credit loss ("CECL") model to estimate credit impairment. This estimate will be forward-looking, meaning management will be required to use not only historical trends and current conditions, but must also consider forecasts about future economic conditions to determine the expected credit loss over the remaining life of an instrument. This will be a significant change from the current incurred credit loss model, and generally may result in allowances being recognized in earlier periods than under the current credit loss model. The ASU is effective for smaller reporting companies for interim and annual reporting periods in 2023.

RMI IX invests in real estate secured loans made with the expectation that the possibility of credit losses is remote as a result of substantial protective equity provided by the underlying collateral. The real estate secured programs and low loan-to-value ratios have caused the company to expect that the adoption of the CECL model from the incurred loss models presently in use as to credit loss recognition will likely not materially impact the reported results of operations or financial position. However, the impact, if any, upon adoption will be dependent upon the facts and circumstances relating to the company's loans at that date.

- *Reference Rate Reform*

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, provides temporary optional expedients for various agreements and contracts that utilize the London Interbank Offered Rate ("LIBOR") as the benchmark reference rate. The relief generally applies to eligible modifications of contractual terms that change (or have the potential to change) the amount or timing of contractual cash flows related to replacement of a reference rate. The relief allows such modifications to be accounted for as continuations of existing contracts without additional analysis. As the guidance in ASU 2020-04 is intended to assist entities during the global market-wide reference rate transition period, it is in effect from March 12, 2020 through December 31, 2022. The Company is currently evaluating the impact of the potential discontinuance of LIBOR in relation to the company's line of credit and has not yet adopted the optional relief.

NOTE 3 – MANAGER AND OTHER RELATED PARTIES

The Operating Agreement provides for compensation to the manager and for the reimbursement of qualifying costs as detailed below. RMC is entitled to 1% of the net income or loss of the company. RMC - at its sole discretion - collected less than the maximum allowable reimbursement of qualifying costs attributable to RMI IX (Costs from RMC on the Statements of Income), which increased the net income, cash available for distribution, and the net-distribution rate. The cost-reimbursement waivers in the three and nine months ended September 30, 2021 and 2020, by RMC were not made for the purpose of providing RMI IX with sufficient funds to satisfy any required level of distributions, as the Operating Agreement has no such required level of distributions, nor to meet withdrawal requests.

Mortgage servicing fees

The manager is entitled to receive a servicing fee of up to one-quarter of one percent (0.25%) annually of secured loan principal. The mortgage servicing fees are accrued monthly on all loans. Remittance to RMC is made monthly unless the loan has been assigned a specific loss reserve, at which point remittance is deferred until the specific loss reserve is no longer required, or the property securing the loan has been acquired by the company.

Asset management fees

The manager is entitled to receive a monthly asset management fee for managing RMI IX's assets, liabilities, and operations in an amount up to three-quarters of one percent (0.75%) annually of the portion of the capital originally committed to investment in mortgages, not including leverage, and including up to two percent (2%) of working capital reserves.

Costs from RMC

The manager is entitled to request reimbursement for operations expense incurred on behalf of RMI IX, including without limitation, RMC's personnel and non-personnel costs incurred for qualifying business activities, including investor services, accounting, tax and data processing, postage and out-of-pocket general and administration expenses. Qualifying personnel/compensation costs and consulting fees are tracked by business activity, and then costs of qualifying activities are allocated to RMI IX pro-rata based on the percentage of RMI IX's members' capital to the total capital of all related mortgage funds managed by RMC. Certain other non-personnel, qualifying costs such as postage and out-of-pocket general and administrative expenses can be tracked by RMC as specifically attributable to RMI IX; other non-personnel, qualifying costs (e.g., RMC's accounting and audit fees, legal fees and expenses, occupancy, and insurance premiums) are allocated pro-rata based on the percentage of RMI's members' capital to total capital of the related mortgage funds managed by RMC. The amount of qualifying costs attributable to RMI IX incurred by RMC was $143,461 and $145,054 in the three months ended September 30, 2021 and 2020, respectively and $448,157 and $435,868 for the nine months ended September 30, 2021 and 2020, respectively. The reimbursement of costs from RMC waived was $73,439 and $72,873 in the three months ended September 30, 2021 and 2020, respectively and $233,873 and $363,687 in the nine months ended September 30, 2021 and 2020, respectively.

Loan administrative fees

The manager is entitled to receive a loan administrative fee of up to one percent (1%) of the principal amount of each new loan funded or acquired for services rendered in connection with the selection and underwriting of loans payable upon the closing or acquisition of each loan. Since August 2015, RMC, at its sole discretion, has waived loan administrative fees on new originations. The total amount of loan administrative fees chargeable was $164,435 and $143,520 in the three months ended September 30, 2021 and 2020, respectively and $348,243 and $363,279 in the nine months ended September 30, 2021 and 2020, respectively.

Commissions and fees paid by the borrowers to RMC

- *Brokerage commissions, loan originations*

For fees in connection with the review, selection, evaluation and negotiation of loans (including extensions), RMC may collect a loan brokerage commission that is expected to range from approximately 1.5% to 5% of the principal amount of each loan made during the year. Total loan brokerage commissions are limited to an amount not to exceed 4% of the total company assets per year. The loan brokerage commissions are paid by the borrowers to RMC, and thus are not an expense of the company. Loan brokerage commissions paid by the borrowers to RMC approximated $267,000 and $438,000 for three months ended September 30, 2021 and 2020, respectively and $694,000 and $867,000 for the nine months ended September 30, 2021 and 2020, respectively.

- *Other fees*

RMC receives fees for processing, notary, document preparation, credit investigation, reconveyance and other mortgage related fees. The amounts received are customary for comparable services in the geographical area where the property securing the loan is located, payable solely by the borrower and not by the company.

Formation loan

Commissions for unit sales to new members paid to broker-dealers (“B/D sales commissions”) and premiums paid to certain investors upon the purchase of units were paid by RMC and were not paid directly by RMI IX out of unit-sales proceeds. Instead, RMI IX advanced to RMC amounts sufficient to pay the B/D sales commissions and premiums to be paid to investors. Such advances in total were not to exceed seven percent (7%) of offering proceeds. The receivable arising from the advances is unsecured and non-interest bearing and is referred to as the “formation loan.” When offerings of units to new members ended on April 30, 2019, such advances totaled $5,626,566, of which $3,441,537 remains outstanding at September 30, 2021.

Formation loan transactions for the nine months ended September 30, 2021 and 2020 are presented in the following table.

	2021	2020
Balance, January 1	$ 3,812,019	$ 3,948,064
Payments received from RMC	(357,468)	—
Early withdrawal penalties applied	(13,014)	(15,063)
Balance, September 30	$ 3,441,537	$ 3,933,001

RMC is repaying the formation loan such that the formation loan is paid by December 31, 2027, and prior to the end of the term of the company in 2028. Beginning December 31, 2020, RMC will make quarterly payments of principal, without interest, of approximately $124,000, less early withdrawal penalties until such time – in the opinion of the manager -as the market uncertainties resulting from the COVID-19 pandemic are substantially resolved and loan brokerage commissions earned by the manager on new loan originations return to pre-pandemic levels. Annual payments of $496,000 are expected to resume by December 2022. The primary source of repayment of the formation loan are the loan brokerage commissions earned by RMC. The formation loan is forgiven if the manager is removed and RMC is no longer receiving payments for services rendered.

Redemptions of members’ capital

Redemptions of members’ capital for the three and nine months ended September 30, 2021 and 2020 are presented in the following table.

	Three months ended		Nine months ended	
Redemptions	**2021**	**2020**	**2021**	**2020**
Without penalty	$ 794,264	$ 747,009	$ 3,226,591	$ 1,509,603
With penalty	356,539	119,777	624,269	543,872
Total	$ 1,150,803	$ 866,786	$ 3,850,860	$ 2,053,475
Early withdrawal penalties	$ 13,775	$ 5,598	$ 24,402	$ 27,531

At September 30, 2021, scheduled redemptions of members' capital were $931,390, of which $670,383 is payable in 2021, and $261,007 is payable in 2022. Scheduled redemptions of $10,128 are subject to early withdrawal penalties.

Organization and offering expenses

The manager was reimbursed for O&O expenses incurred in connection with the organization of the company and the offering of the units of membership interest including, without limitation, attorneys' fees, accounting fees, printing costs and other selling expenses (other than sales commissions) in a total amount not exceeding 4.5% of the original purchase price of all units (other than DRIP units) sold in all offerings (hereafter, the "maximum O&O expenses"). RMC paid the O&O expenses in excess of the maximum O&O expenses.

The O&O expenses incurred by RMI IX are allocated to the members as follows - For each of forty (40) calendar quarters or portion thereof after December 31, 2015 that a member holds units (other than DRIP units), the O&O expenses incurred by RMI IX are allocated to and debited from that member's capital account in an annual amount equal to 0.45% of the member's original purchase price for those units, in equal quarterly installments of 0.1125% each commencing with the later of the first calendar quarter of 2016 or the first full calendar quarter after a member's purchase of units, and continuing through the quarter in which such units are redeemed.

Unallocated O&O transactions for the nine months ended September 30, 2021 and 2020 are summarized in the following table.

	2021	2020
Balance, January 1	$ 1,858,282	$ 2,260,068
O&O expenses allocated	(229,179)	(240,489)
O&O expenses paid by RMC[(1)]	(68,687)	(42,184)
Early withdrawal penalties applied [(2)]	(11,388)	(12,468)
Balance, September 30	$ 1,549,028	$ 1,964,927

(1) RMC is obligated per the Operating Agreement to repay RMI IX for the amount of unallocated O&O expenses attributed to a member's capital account if the member redeems prior to the 40 quarterly allocations. RMC estimated its future obligation to repay unallocated O&O expenses on scheduled redemptions as of September 30, 2021, to be approximately $12,571, which may be offset in part by early withdrawal penalties collected in future periods.

(2) The O&O expenses component of early withdrawal penalties are applied as a reduction to O&O expenses to be repaid by RMC to members' capital on scheduled redemptions. The amounts credited are determined by the ratio between the amount of the formation loan and the amount of offering costs incurred by the company.

Other related party transactions

\- *Payable to/receivable from related parties*

From time to time, in the normal course of business operations, the company may have payables to and/or receivables from related parties. At September 30, 2021, the payable to related party balance of $3,501 consisted of accounts payable to a related mortgage fund and RMC. There was no amount receivable from a related party at September 30, 2021. At December 31, 2020, the payable to related parties balance consisted of accounts payable and cost reimbursements to the manager and related mortgage fund of $6,452, which was partially offset by a receivable of $2,267 due from the manager and related mortgage fund. The receivable was received from the manager and the payable was paid to the manager in March 2021.

\- *Loan transactions with related parties*

In the ordinary course of business, performing loans may be transferred by executed assignment, in-part or in-full, between the RMC managed mortgage funds at par which approximates market value. In the nine months ended September 30, 2021, a related mortgage fund transferred to RMI IX five performing loans with aggregate principal of $4,671,760 in-full at par value, which approximates fair value. In the nine months ended September 30, 2020 a related mortgage fund transferred to RMI IX one performing loan with principal of $2,296,677 in-full at par value which approximates fair value. RMI IX paid cash for the loans and the related mortgage fund has no continuing obligation or involvement with the loans.

In the nine months ended September 30, 2021, RMI IX transferred to related mortgage fund(s) five performing loans with aggregate principal of $2,559,588 in-full at par value, which approximates fair value. The related mortgage fund(s) paid cash for the loans and RMI IX has no continuing obligation or involvement with the loans. No loans were transferred to related mortgage funds in the nine months ended September 30, 2020.

NOTE 4 – LOANS

Loans generally are funded at a fixed interest rate with a loan term of up to five years. Loans acquired are generally done so within the first six months of origination and are purchased at par value, which approximates fair value. See Note 3 (Manager and Other Related Parties) for a description of loans transferred by executed assignments between the related mortgage funds.

As of September 30, 2021, 49 loans outstanding (representing 97% of the aggregate principal of the company's loan portfolio) have a loan term of five years or less. The remaining loans have terms longer than five years. Substantially all loans are written without a prepayment penalty provision.

As of September 30, 2021, 28 loans outstanding (representing 32% of the aggregate principal of the company's loan portfolio) provide for monthly payments of principal and interest, typically calculated on a 30-year amortization, with the remaining principal due at maturity. The remaining loans provide for monthly payments of interest only, with the principal due at maturity.

Secured loans unpaid principal balance (principal)

Secured loan transactions for the three and nine months ended September 30, 2021 are summarized in the following table.

	Three months ended	Nine months ended
Principal, beginning of period	$ 79,876,199	$ 82,274,807
Loans funded	16,443,500	34,824,300
Principal collected	(22,780,339)	(42,683,651)
Loans transferred from related mortgage fund	—	4,671,760
Loans transferred to related mortgage funds	—	(2,559,588)
Loans sold to non-affiliate	—	(2,988,268)
Principal, September 30	$ 73,539,360	$ 73,539,360

During the three and nine months ended September 30, 2021, the company renewed three and fifteen maturing (or matured) loans with aggregated principal of approximately $8,776,000 and $22,274,000, respectively, which are not included in the transactions shown in the table above. The loans were current and deemed well collateralized (i.e., the LTV at the time of renewal was within lending guidelines).

The company funds loans with the intent to hold the loans until maturity, although from time to time the company may sell certain loans when the manager determines it to be in the best interest of the company.

During the nine months ended September 30, 2021, five loans with aggregate principal of approximately $2,988,000 were sold to unaffiliated third parties, for an amount that approximated the loan balance at the time of sale. There were no loan sales for the three months ended September 30, 2021.

Pursuant to California regulatory requirements, borrower payments are deposited into a trust account established by RMC with an independent bank (and are presented on the balance sheet as "Loan payments in trust"). Funds are disbursed to the company as collected which can range from same day for wire transfers and up to two weeks after deposit for checks. Loan payments in trust at September 30, 2021, were disbursed to the company's account by October 18, 2021. Loan payments in trust at December 31, 2020 were disbursed to the company's account by January 15, 2021.

Loan characteristics

Secured loans had the characteristics presented in the following table.

	September 30, 2021	December 31, 2020
Number of secured loans	54	82
Secured loans – principal	$ 73,539,360	$ 82,274,807
Secured loans – lowest interest rate (fixed)	6.8%	6.8%
Secured loans – highest interest rate (fixed)	10.5%	10.5%
Average secured loan – principal	$ 1,361,840	$ 1,003,351
Average principal as percent of total principal	1.9%	1.2%
Average principal as percent of members' capital, net	1.8%	1.3%
Average principal as percent of total assets	1.8%	1.2%
Largest secured loan – principal	$ 6,735,000	$ 6,735,000
Largest principal as percent of total principal	9.2%	8.2%
Largest principal as percent of members' capital, net	8.7%	8.5%
Largest principal as percent of total assets	9.0%	7.9%
Smallest secured loan – principal	$ 53,180	$ 104,378
Smallest principal as percent of total principal	0.1%	0.1%
Smallest principal as percent of members' capital, net	0.1%	0.1%
Smallest principal as percent of total assets	0.1%	0.1%
Number of California counties where security is located	12	14
Largest percentage of principal in one California county	36.2%	28.2%
Number of secured loans with prepaid interest	3	—
Prepaid interest	$ 804,164	$ —

At September 30, 2021, the company's largest loan with principal of $6,735,000 is secured by an office building located in Santa Clara County, bears an interest rate of 8.25% and matured on October 1, 2021. The maturity date of the loan was subsequently extended to October 1, 2022. As of September 30, 2021, the company had no commitments to lend outstanding and had no construction or rehabilitation loans outstanding.

Lien position

At funding, secured loans had the lien positions presented in the following table.

	September 30, 2021			December 31, 2020		
	Loans	Principal	Percent	Loans	Principal	Percent
First trust deeds	36	$ 61,040,293	83%	56	$ 61,066,097	74%
Second trust deeds	18	12,499,067	17	26	21,208,710	26
Total principal, secured loans	54	73,539,360	100%	82	82,274,807	100%
Liens due other lenders at loan closing		32,289,086			45,206,740	
Total debt		$ 105,828,446			$ 127,481,547	
Appraised property value at loan closing		$ 206,880,000			$ 251,970,000	
Percent of total debt to appraised values (LTV) at loan closing(1)		55.2%			55.6%	

(1) Based on appraised values and liens due other lenders at loan closing. The weighted-average loan-to-value (LTV) computation above does not take into account subsequent increases or decreases in property values following the loan closing nor does it include decreases or increases on senior liens to other lenders.

Property type

Secured loans summarized by property type are presented in the following table.

	September 30, 2021			December 31, 2020		
	Loans	Principal	Percent	Loans	Principal	Percent
Single family[2]	24	$ 21,799,270	30%	47	$ 30,297,525	37%
Commercial	22	45,546,473	62	27	43,692,125	53
Multi-family	7	4,693,617	6	8	8,285,157	10
Land	1	1,500,000	2	—	—	—
Total principal, secured loans	54	$ 73,539,360	100%	82	$ 82,274,807	100%

(2) Single family property type as of September 30, 2021 consists of 6 loans with principal of $4,432,988 that are owner occupied and 18 loans with principal of $17,366,282 that are non-owner occupied. At December 31, 2020, single family property type consisted of 8 loans with principal of $5,565,052 that are owner occupied and 39 loans with principal of $24,732,473 that are non-owner occupied.

Distribution of loans within California

The distribution of secured loans within California by counties is presented in the following table.

	September 30, 2021		December 31, 2020	
	Principal	Percent	Principal	Percent
San Francisco Bay Area[3]				
Santa Clara	$ 26,652,130	36.2%	$ 23,205,654	28.2%
San Francisco	14,180,433	19.3	11,339,546	13.8
San Mateo	5,640,797	7.7	6,878,086	8.4
Alameda	4,234,940	5.8	6,790,814	8.2
Contra Costa	693,042	0.9	1,094,189	1.3
Marin	—	—	1,944,696	2.4
	51,401,342	69.9	51,252,985	62.3
Other Northern California				
Placer	1,500,000	2.0	—	0.0
Monterey	—	0.0	1,110,000	1.4
Tehama	404,831	0.6	404,837	0.5
Sacramento	53,180	0.1	104,378	0.1
	1,958,011	2.7	1,619,215	2.0
Northern California Total	53,359,353	72.6	52,872,200	64.3
Los Angeles & Coastal				
Los Angeles	3,310,492	4.5	11,775,334	14.3
San Diego	6,694,439	9.1	10,186,152	12.4
Orange	8,456,076	11.5	5,431,677	6.6
Santa Barbara	—	—	290,444	0.3
	18,461,007	25.1	27,683,607	33.6
Other Southern California				
San Bernardino	1,719,000	2.3	1,719,000	2.1
Southern California Total	20,180,007	27.4	29,402,607	35.7
Total principal, secured loans	$ 73,539,360	100.0%	$ 82,274,807	100.0%

(3) Includes Silicon Valley

Scheduled maturities

Secured loans scheduled to mature as of September 30, 2021, are presented in the following table.

	Loans	Principal	Percent
2021(4)	7	$ 10,777,995	15%
2022	24	30,344,280	41
2023	11	21,585,948	29
2024	3	5,320,650	7
2025	5	3,743,816	5
Thereafter	1	237,605	1
Total scheduled maturities	51	72,010,294	98
Matured as of September 30, 2021	3	1,529,066	2
Total principal, secured loans	54	$ 73,539,360	100%

(4) Loans scheduled to mature in 2021 after September 30.

Scheduled maturities are presented based on the most recent in-effect agreement with the borrower, including forbearance agreements. As a result, matured loans at September 30, 2021, for the scheduled maturities table above may differ from the same captions in the tables of delinquencies and payment in arears presented below that do not consider forbearance agreements. For matured loans, the company may continue to accept payments while pursuing collection of principal or while negotiating an extension of the loan's maturity date.

It is the company's experience that the timing of future cash receipts from secured loans will differ from scheduled maturities. Loans may be repaid or renewed before, at or after the contractual maturity date.

Delinquency/Non-performing secured loans

Secured loans summarized by payment-delinquency status are presented in the following table.

	September 30, 2021		December 31, 2020	
	Loans	Principal	Loans	Principal
Current	43	$ 66,457,146	73	$ 74,041,631
Past Due				
30-89 days	4	3,113,520	1	190,195
90-179 days	5	2,182,637	5	4,756,811
180 or more days	2	1,786,057	3	3,286,170
Total past due	11	7,082,214	9	8,233,176
Total principal, secured loans	54	$ 73,539,360	82	$ 82,274,807

At September 30, 2021 and December 31, 2020, there were two forbearance agreements in effect. One with principal of $990,000 is included in the table above as 90-179 days past due, and one with a principal of $1,200,000 which is included in the table above as 180 or more days past due. As of September 30, 2021, both loans were designated impaired and in non-accrual status.

No loan forbearance agreements or payment modifications were made during the nine months ended September 30, 2021, and none were in effect at December 31, 2020, that would be deemed troubled debt restructurings.

At September 30, 2021, and December 31, 2020, the company had one workout agreement with a borrower. The loan, with principal of $190,198 matured on June 1, 2016. The workout agreement was entered into September 2016, whereby the borrower agreed to resume monthly payments. This agreement extended the maturity date through October 1, 2021. As of September 30, 2021, the loan was 90 days delinquent and was designated as impaired and in non-accrual status.

Non-performing secured loans at September 30, 2021, and December 31, 2020, had principal payments in arrears totaling $2,733,555 (11 loans) and $1,577,874 (8 loans), respectively and interest payments in arrears totaling $$301,617 and $360,813, respectively. Payments in arrears for non-performing secured loans (i.e., monthly interest and principal payments past due 30 or more days) at September 30, 2021 and December 31, 2020, are presented in the following tables.

	Loans		Principal		Interest(5)		
At September 30, 2021	Past maturity	Monthly payments	Past maturity	Monthly payments	Past maturity	Monthly payments	Total payments in arrears
Past due							
30-89 days (1-3 payments)	1	3	$ 931,458	$ 808	$ —	$ 17,331	$ 949,597
90-179 days (4-6 payments)	2	3	597,608	858	—	59,879	658,345
180 or more days (more than 6 payments)	1	1	1,200,000	2,823	199,500	24,907	1,427,230
Total past due(6)	4	7	$ 2,729,066	$ 4,489	$ 199,500	$ 102,117	$ 3,035,172

(5) Interest includes foregone interest of approximately $126,000 on non-accrual loans past maturity and approximately $38,000 for monthly payments in arrears. September 2021 interest is due October 1, 2021 and is not included in the payments in arrears at September 30, 2021.

(6) In October 2021, two loans included in the table above as 30-89 days past due on monthly payments, and one loan included in the table above as 90-179 days past due on monthly payments, were brought current. The remaining two loans included in the table above as 90-179 days past due on monthly payments each made one payment during October.

	Loans		Principal		Interest(7)		
At December 31, 2020	Past maturity	Monthly payments	Past maturity	Monthly payments	Past maturity	Monthly payments	Total payments in arrears
Past due							
30-89 days (1-3 payments)	—	1	$ —	$ 378	$ —	$ 1,509	$ 1,887
90-179 days (4-6 payments)	1	4	376,613	854	—	146,270	523,737
180 or more days (more than 6 payments)	1	1	1,200,000	29	105,000	108,034	1,413,063
Total past due(8)	2	6	$ 1,576,613	$ 1,261	$ 105,000	$ 255,813	$ 1,938,687

(7) Interest includes foregone interest of $42,000 on non-accrual loans past maturity and approximately $20,800 for monthly payments in arrears. December 2020 interest is due January 1, 2021 and is not included in the payments in arrears at December 31, 2020.

(8) One loan with principal of approximately $137,000, which was 180 or more days past due, paid in full in January 2021 and so was not designated as non-performing at December 31, 2020, and is not included in the table above.

Delinquency/Loans in non-accrual status

Secured loans in non-accrual status are summarized in the following table.

	September 30, 2021	December 31, 2020
Number of loans	3	3
Principal	$ 2,380,198	$ 3,339,684
Advances	10,277	10,320
Accrued interest	93,452	181,060
Total recorded investment	$ 2,483,927	$ 3,531,064
Foregone interest	$ 182,718	$ 62,821

Non-performing loans are placed on non-accrual status if 180 days delinquent or earlier if management determines that the primary source of repayment will come from the foreclosure and subsequent sale of the collateral securing the loan (which usually occurs when a notice of sale is filed) or when the loan is no longer considered well-secured. When a loan is placed on non-accrual status, the accrual of interest is discontinued for accounting purposes only (i.e., foregone interest in the table above); however, previously recorded interest is not reversed.

At September 30, 2021, there were four loans with aggregate principal of approximately $1,588,000 which were 90 or more days past due and not in non-accrual status.

At December 31, 2020, five loans with aggregate principal of $4,703,296 were 90 days or more days past due and were not in non-accrual status.

Provision/allowance for loan losses and impaired loans

Generally, the company has not recorded an allowance for loan losses as all loans have protective equity such that collection is deemed probable for all recorded amounts due on the loan. From time to time, the manager may deem it in the best interest of the company to agree to concessions to borrowers to facilitate a sale of collateral or refinance transactions primarily for secured loans in second lien position.

Activity in the allowance for loan losses for the nine months ended September 30, 2021 and 2020, is presented in the following table.

	2021	2020
Balance January 1,	$ 55,000	$ 87,000
Recovery for loan losses	—	(75)
Charge-offs	—	(31,925)
Balance September 30,	$ 55,000	$ 55,000

Loans designated impaired and any associated allowance for loan losses is presented in the following table.

	September 30, 2021	December 31, 2020
Number of loans(9)	6	6
Principal	$ 3,563,862	$ 7,529,684
Recorded investment(10)	3,701,067	7,895,605
Impaired loans without allowance	3,701,067	7,895,605
Impaired loans with allowance	—	—
Allowance for loan losses, impaired loans	—	—
Weighted average LTV at origination	61.7%	52.5%

(9) One loan, with principal of approximately $405,000, was more than 90 days delinquent and was not designated impaired at September 30, 2021. The loan was brought current in October 2021, and so is not included in the table above.
(10) Recorded investment is the sum of the principal, advances, and accrued interest receivable for financial reporting purposes.

Loans designated impaired had an average recorded investment, interest income recognized and interest income received in cash for the nine months ended September 30, 2021 and the year ended December 31, 2020, as presented in the following table.

	September 30, 2021	December 31, 2020
Average recorded investment	$ 5,798,336	$ 6,307,655
Interest income recognized	104,274	704,506
Interest income received in cash	100,836	360,753

Fair Value

The following methods and assumptions are used when estimating fair value of secured loans.

Secured loans, performing and non-performing not designated as impaired (Level 3) - Each loan is reviewed quarterly for its delinquency, LTV adjusted for the most recent valuation of the underlying collateral, remaining term to maturity, borrower's payment history and other factors. Due to the nature of the company's loans and borrowers, the fair value of loan balances secured by deeds of trust approximates the recorded amount (per the financial statements) due to the following:

- are of shorter terms at origination than commercial real estate loans by institutional lenders and conventional single-family home mortgage lenders;

- are written without a prepayment penalty causing uncertainty/a lack of predictability as to the expected duration of the loan; and
- have limited marketability and are not yet sellable into an established secondary market.

Secured loans, designated impaired (Level 3) - The fair value of secured loans designated impaired is the lesser of the fair value of the collateral or the enforceable amount of the note. Secured loans designated impaired are collateral dependent because it is expected that the primary source of repayment will not be from the borrower but rather from the collateral. The fair value of the collateral is determined on a nonrecurring basis by exercise of judgment based on management's experience informed by appraisals (by licensed appraisers), brokers' opinion of values and publicly available information on in-market transactions (Level 3 inputs). When the fair value of the collateral exceeds the enforceable amount of the note, the borrower is likely to redeem the note. Accordingly, third party market participants would generally pay the fair value of the collateral, but no more than the enforceable amount of the note.

The following methods and assumptions are used to determine the fair value of the collateral securing a loan.

Single family - Management's preferred method for determining the fair market value of its single-family residential assets is the sale comparison method. Management primarily obtains sale comps via its subscription to the RealQuest service, but also uses free online services such as Zillow.com and other available resources to supplement this data. Sale comps are reviewed and adjusted for similarity to the subject property, examining features such as proximity to subject, number of bedrooms and bathrooms, square footage, sale date, condition and year built.

If applicable sale comps are not available or deemed unreliable, management will seek additional information in the form of brokers' opinions of value or appraisals.

Multi-family residential - Management's preferred method for determining the aggregate retail value of its multifamily units is the sale comparison method. Sale comps are typically provided in appraisals, or by realtors who specialize in multi-family residential properties. Sales comps are reviewed for similarity to the subject property, examining features such as proximity to subject, rental income, number of units, composition of units by the number of bedrooms and bathrooms, square footage, condition, amenities and year built.

Management's secondary method for valuing its multifamily assets as income-producing rental operations is the direct capitalization method. In order to determine market cap rates for properties of the same class and location as the subject, management refers to published data from reliable third-party sources such as the CBRE Cap Rate Survey. Management applies the appropriate cap rate to the subject's most recent available annual net operating income to determine the property's value as an income-producing project. When adequate sale comps are not available or reliable net operating income information is not available or the project is under development or is under-performing to market, management will seek additional information and analysis to determine the cost to improve and the intrinsic fair value and/or management will seek additional information in the form of brokers' opinion of value or appraisals.

Commercial - Management's preferred method for determining the fair value of its commercial buildings is the sale comparison method. Sale comps are typically provided in appraisals, or by realtors who specialize in commercial properties. Sale comps are reviewed for similarity to the subject property, examining features such as proximity to subject, rental income, number of units, composition of units, common areas, and year built.

Management's secondary method for valuing its commercial buildings is the direct capitalization method. In order to determine market cap rates for properties of the same class and location as the subject, management refers to reputable third-party sources such as the CBRE Cap Rate Survey. Management then applies the appropriate cap rate to the subject's most recent available annual net operating income to determine the property's value as an income-producing commercial rental project.

When adequate sale comps are not available or reliable net operating income information is not available or the project is under development or is under-performing to market, management will seek additional information and analysis to determine the cost to improve and the intrinsic fair value and/or management will seek additional information in the form of brokers' opinion of value or appraisals.

Commercial land - Commercial land has many variations/uses, thus requiring management to employ a variety of methods depending upon the unique characteristics of the subject land, including a determination of its highest and best use. Management may rely on information in the form of a sale comparison analysis (where adequate sale comps are available), brokers' opinion of value, or appraisal.

NOTE 5 – LINE OF CREDIT

Activity involving the line of credit during the nine months ended September 30, 2021 and 2020 is presented in the following table.

	2021	2020
Balance, January 1,	$ 10,000,000	$ —
Draws	8,255,000	19,250,000
Repayments	(17,155,000)	(9,250,000)
Balance, September 30,	$ 1,100,000	$ 10,000,000
Line of credit - average daily balance	$ 8,624,000	$ 6,236,000

In March 2020, RMI IX entered into a revolving line of credit and term loan agreement and in April 2020 borrowed on the bank line of credit. The company can borrow up to a maximum principal of $10 million subject to a borrowing base calculation pursuant to a credit and term loan agreement (the loan agreement) with a bank. Amounts under the loan agreement are secured by a first priority security interest in the notes and deeds of trust of the pledged loans in the borrowing base. The loan agreement matures in March 2022 when all amounts outstanding are then due. The company has the option at the maturity date to convert the then outstanding principal balance on the line of credit to a one-year term loan - for a fee of one-quarter of one percent (0.25%) – thereby extending the maturity date to March 2023.

Interest on the outstanding principal is payable monthly and accrues at the per annum rate of the greater of (i) five percent (5%) or (ii) the sum of the one-month LIBOR rate plus three and one-quarter percent (3.25%). If the company does not maintain the required compensating balance with a minimum daily average of $1.0 million for the calendar quarter, the interest rate automatically increases by one-quarter of one percent (0.25%) above that rate which would otherwise be applicable for the next calendar quarter retroactive to the beginning of the calendar quarter in which the compensating balance is not maintained. At September 30, 2021, the interest rate was five percent (5%).

For each calendar quarter during which the aggregate average daily outstanding principal is less than fifty percent (50%) of the maximum principal of $10 million, there is a quarterly unused line fee equal to one-half of one percent (0.50%) per annum of the average daily difference between the average principal outstanding and fifty percent (50%) of the maximum principal of $10 million ($5,000,000).

The loan proceeds are to be used exclusively to fund secured loans. The loan agreement provides for customary financial and borrowing base reporting by the company to the lending bank and specifies that the company shall maintain (i) minimum tangible net worth of $50 million, net of amounts due from related companies; (ii) debt service coverage ratio at all times of not less than 2.00 to 1.00; and (iii) loan payment delinquency of less than ten percent (10.0%) at calendar quarter-end, calculated as the principal of loans with payments over 61-days past due as determined by the lending bank's guidance, less loan loss allowances, divided by total principal of the company's loans. The loan agreement provides that in the event the loan payment delinquency rate exceeds 10.0% as of the end of any quarter, the bank will cease to make any further advances but agrees not to accelerate repayment of the loan.

At September 30, 2021 and December 31, 2020, aggregate principal of pledged loans was approximately $18,110,000 and $20,068,000, respectively with a maximum allowed advance thereon of approximately $10,000,000, subject to the borrowing base calculation.

Debt issuance costs of approximately $110,000 are being amortized over the two-year term of the line of credit agreement. Amortized debt issuance costs included in interest expense approximated $13,700 for the three months ended September 30, 2021 and 2020, and $41,100 and $27,300 for the nine months ended September 30, 2021 and 2020 respectively.

NOTE 6 – COMMITMENTS AND CONTINGENCIES, OTHER THAN LOAN COMMITMENTS

Commitments

Note 3 (Manager and Other Related Parties) presents a detailed discussion of the company's contractual obligations to RMC and scheduled redemptions of members' capital at September 30, 2021.

Legal proceedings

As of September 30, 2021, the company is not involved in any legal proceedings other than those that would be considered part of the normal course of business. In the normal course of its business, the company may become involved in legal proceedings (such as assignment of rents, bankruptcy proceedings, appointment of receivers, unlawful detainers, judicial foreclosure, etc.) to collect the debt owed under the promissory notes, to enforce the provisions of the deeds of trust, to protect its interest in the real property subject to the deeds of trust and to resolve disputes with borrowers, lenders, lien holders and mechanics. None of these actions, in and of themselves, typically would be of any material financial impact to the net income or balance sheet of the company.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent to quarter end, two loans with aggregate principal of approximately $488,000, were offered for sale.

The manager evaluated events occurring subsequent to September 30, 2021 and determined that there were no other events or transactions occurring during this reporting period that require recognition or disclosure in the unaudited financial statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the unaudited financial statements and notes thereto, which are included in Item 1 of this report on Form 10-Q, as well as the audited financial statements and the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the U.S. Securities and Exchange Commission (or SEC). The results of operations for the three and nine months ended September 30, 2021 are not necessarily indicative of the operations results to be expected for the full year.

Forward-Looking Statements

Certain statements in this Report on Form 10-Q which are not historical facts may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), including statements regarding the company's expectations, hopes, intentions, beliefs and strategies regarding the future. Forward-looking statements, which are based on various assumptions (some of which are beyond our control), may be identified by reference to a future period or periods or by use of forward-looking terminology, such as "may," "will," "believe," "expect," "anticipate," "continue," "possible" or similar terms or variations on those terms or the negative of those terms. Forward-looking statements include statements regarding trends in the California real estate market; future interest rates and economic conditions and their effect on the company and its assets; estimates as to the allowance for loan losses; forecasts of future sales and redemptions of units, forecasts of future funding of loans; loan payoffs and the possibility of future loan sales (and the gain thereon, net of expenses) to third parties, if any; forecasts of future financial support by the manager including the eventual elimination of financial support; future fluctuations in the net distribution rate; and beliefs relating to how the company will be affected by current economic conditions and trends in the financial and credit markets. Actual results may be materially different from what is projected by such forward-looking statements therefore, you should not place undue reliance on forward-looking statements, which reflect our view only as of the date hereof.

Factors that might cause such a difference include, but are not limited to, the following:

- changes in economic conditions, interest rates, and/or changes in California real estate markets;
- the impact of competition and competitive pricing for mortgage loans;
- the manager's ability to make and arrange for loans that fit our investment criteria;
- whether we will have any future loan sales to unaffiliated third parties, and if we do, the gain, net of expenses, and the volume/timing of loan sales to unaffiliated third parties, which to date have provided only immaterial gains to us;
- the concentration of credit risks to which we are exposed;
- increases in payment delinquencies and defaults on our mortgage loans;
- the timing and dollar amount of the decreasing financial support from the manager and the corresponding impact on the net distribution rate to members;
- changes in government regulation and legislative actions affecting our business; and,
- the COVID-19 pandemic and social and governmental responses to the pandemic caused, and could continue to cause, severe economic, market and other disruptions worldwide. The extent to which COVID-19 and related actions impact our operations will depend on future developments, which are highly uncertain and cannot be predicted with any degree of certainty. The ongoing ability of the company to meet its primary investment objectives and to generate funds for loans may be adversely affected by the COVID-19 pandemic and by the social and governmental responses and severe economic disruptions caused by the pandemic. As a result, we cannot at this time predict or estimate the impact of the COVID-19 pandemic, but it could have a material adverse effect on our business, financial condition, liquidity and results of operations for the remainder of 2021.

All forward-looking statements and reasons why results may differ included in this Form 10-Q are made as of the date hereof, and we assume no obligation to update any such forward-looking statement or reason why actual results may differ unless required by law.

Overview

Redwood Mortgage Investors IX, LLC ("we", "RMI IX" or "the company") is a Delaware limited liability company formed in October 2008 to engage in business as a mortgage lender and investor by making and holding-for-investment loans secured by California real estate, primarily through first and second deeds of trust. The company is externally managed. Redwood Mortgage Corp. ("RMC" or "the manager") is the manager of the company. See Note 3 (Manager and Other Related Parties) to the financial statements included in Part I, Item 1 of this report for a detailed presentation of the company's activities for which related parties are compensated and for other related party transactions.

Cash generated from loan payoffs and borrower payments of principal and interest is used for operating expenses, distributions to members and unit redemptions. The cash flow, if any, in excess of these uses plus the cash from sale of DRIP units and advances on the line of credit is reinvested in new loans.

Redemptions are made once a quarter, on the last business day of the quarter. The maximum number of units that may be redeemed in any year and the maximum amount of redemption available in any period to members are subject to certain limitations. The company will not:

- in any calendar year, redeem more than 5%; or
- in any calendar quarter, redeem more than 1.25% of the weighted average number of units outstanding during the twelve (12) month period immediately prior to the date of the redemption.

In addition, the manager may, in its sole discretion, further limit the percentage of the total members' units that may be redeemed or may adjust the timing of scheduled redemptions (including deferring withdrawals indefinitely), to the extent that such redemption would cause the company to be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code or any Treasury Regulations promulgated thereunder (determined without reference to Code Section 469(i)).

In the event that redemption requests in excess of the foregoing limitations are received by the manager, such redemption requests will be honored in the following order of priority:

- first, to redemptions upon the death of a member; and
- next, to other redemption requests until all requests for redemption have been met.

All redemption requests shall be honored on a pro rata basis, based on the amount of redemption requests received in the preceding quarter plus unfulfilled redemption requests that the company was unable to honor in prior quarter(s).

See Note 1 (Organization and General) to the financial statements included in Part I, Item 1 of this report for additional detail on the organization and operations of RMI IX which detail is incorporated by this reference into this Item 2.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions about the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Such estimates relate principally to the determination of the allowance for loan losses, including, when applicable, the valuation of impaired loans (which itself requires determining the fair value of the collateral), and the valuation of real estate owned, at acquisition and subsequently. Actual results could differ significantly from these estimates.

Accounting policies are an integral part of our financial statements. For a summary of our critical accounting policies, see "Critical Accounting Policies" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the year ended December 31, 2020.

There have been no material changes to our critical accounting policies since our annual report on Form 10-K.

Results of Operations

The following discussion describes our results of operations for the three and nine months ended September 30, 2021. While the COVID-19 pandemic has not had a material adverse effect on our reported results for our first three quarters, we are actively monitoring the impact of COVID-19, which may negatively impact our business, financial condition, liquidity and results of operations for subsequent periods.

General economic and real estate market conditions – California

All of our mortgage loans are secured by California real estate. Our secured-loan investment activity and the value of the real estate securing our loans is dependent significantly on economic activity and employment conditions in California. Wells Fargo's Economics Group periodically provides timely, relevant information and analysis in its reports and commentary regarding California's employment and economic conditions. Highlights from a recently issued report from Wells Fargo Securities Economics Group is presented below.

In the publication "California Posts Modest Payroll Gain in September" dated October 22, 2021:

The Golden State Recovery Loses Some Shine

The pace of hiring appears to be moderating in California. Total nonfarm payrolls rose 47,400 net new jobs during September, the smallest gain since January, when the resurgence in COVID cases and renewed operating restrictions caused payrolls to briefly contract. With this monthly gain, the state has now recouped 63.5% of the 2.7 million jobs last during the initial lockdown period from February to April last year. The overall moderation in employment growth is likely due to a number of factors. For starters, schools reopened to live in-person instruction, which likely resulted in more students leaving the labor market than usual. The late summer rise in COVID cases also brought back strict mask and vaccine mandates. While understandable from a public health standpoint, these restrictions and reignited fears over the virus are likely reducing economic engagement to a certain extent.

Another factor limiting the pace of hiring is a dwindling pool of labor for businesses to tap in order to fill open roles. The unemployment rate remained unchanged at 7.5% during September, as a 0.25% rise in household employment slightly outpaced a slight 0.16% change in the labor force. COVID concerns, difficulty in finding affordable childcare, rising transportation costs and early retirements are all detracting from labor force participation. The ending of expanded federal unemployment benefits, which lapsed in early September, should eventually help bring more workers off the sidelines. The pandemic and rise of remote work has also accelerated the exodus of people and businesses to other states.

Much of the downshift in hiring during September can be traced to Southern California. Payrolls in the Los Angeles-Long Beach metro division fell by 18,400 jobs. The Anaheim-Santa Ana-Irvine metro also slipped 2,200, while Oxnard-Ventura gained just 100 jobs on net. San Diego posted a 3,200 job-gain, but that follows a 4,500 decline the month prior. Riverside-San Bernardino added 3,300 jobs. Meanwhile, the Bay Area has seen payroll growth pick up modestly. San Francisco and San Jose each registered a 6,000 job-increase. Oakland saw hiring increase only modestly, adding 200 to payrolls.

California's recovery may be losing a bit of momentum, but it remains firmly on track. Most major industries added jobs during the month. Leisure & hospitality added 23,300 jobs, more than any other industry. The state's tech industry also added a sizable number of jobs, with the professional, scientific & technical services industry expanding headcounts by 7,300 and information payrolls rising 5,000. Transportation, warehousing & utilities hiring picked up by 3,600 jobs, which comes as welcome news. Shortfalls of truck drivers and warehouse workers are one of the reasons for the growing backlog of container ships at the Ports of Los Angeles-Long Beach, which has become the epicenter of the nation's ongoing supply chain troubles.

Recovery Slowing, but Still on Track

- Total nonfarm payrolls rose 47,400 net new jobs during September, the smallest gain since payrolls declined in January. With the monthly gain, the state has now recouped 63.5% of the 2.7 million jobs lost during the initial lockdown period.
- Leisure & hospitality added 23,300 jobs, more than any other industry. Arts, entertainment & recreation rose 10,800, while accommodations & food services increased 12,500.
- The state's tech industry posted solid job gains during the month, with the professional, scientific & technical services industry expanding headcounts by 7,300 and information payrolls rising 5,000.
- Transportation, warehousing & utilities hiring picked up 3,600 jobs, which comes as welcome news. Shortfalls of truck drivers and warehouse workers are one of the reasons for the growing backlog of container ships at the Ports of Los Angeles-Long Beach, which has become the epicenter of the nation's ongoing supply chain woes.
- The public sector added 3,100 jobs, driven entirely by a gain at the state and local level.
- The healthcare industry increased headcounts by just 800 jobs. This translates to just a 0.03% gain for one of the state's largest sources of employment.
- Manufacturing posted a solid 5,700 rise in payrolls. Construction jobs climbed 1,400.
- The unemployment rate remained unchanged at 7.5% during September, as a 0.25% rise in household employment slightly outpaced a slight 0.16% change in the labor force.

Key Performance Indicators

Key performance indicators as of and for the nine months ended September 30, 2021 and 2020 are presented in the following table.

		2021		2020
Secured loans principal – end of period balance	$	73,539,360	$	83,483,575
Secured loans principal– average daily balance		81,220,000		73,534,000
Interest income	$	5,176,213	$	4,796,705
Portfolio interest rate(1)		8.6%		8.7%
Effective yield rate(2)		8.5%		8.7%
Line of credit - end of period balance	$	1,100,000	$	10,000,000
Line of credit - average daily balance(3)	$	8,624,000	$	6,236,000
Interest expense	$	368,173	$	169,362
Interest rate - line of credit(3)		5.0%		5.0%
Provision for (recovery of) loan losses	$	—	$	(75)
Total operations expense(8)	$	1,348,972	$	1,075,743
Net income(8)	$	3,515,152	$	3,571,717
Percent of average members' capital(4)(5)		5.8%		5.8%
Member distributions, net	$	3,337,326	$	3,354,984
Percent of average members' capital(4)(6)		5.6%		5.5%
Members' capital, gross – end of period balance	$	78,543,243	$	81,373,590
Members' capital, gross – average daily balance	$	80,050,000	$	81,927,000
Member redemptions(7)	$	3,850,860	$	2,053,475

(1) Stated note interest rate, weighted daily average (annualized).
(2) Percent of secured loans – average daily balance (annualized).
(3) See Note 5 (Line of Credit) to the financial statements included in Part 1, Item 1 of this report for a presentation of the activity and discussion of the terms and condition of the loan agreement.
(4) Percent of members' capital, gross – average daily balance (annualized).
(5) Percent based on the net income available to members (excluding 1% allocated to manager).
(6) Members Distributions is net of O&O expenses allocated to members' accounts during the year.
(7) At September 30, 2021, scheduled redemptions of members' capital were $931,390 of which $670,383 is payable in 2021, and $261,007 is payable in 2022. Scheduled redemptions of $10,128 are subject to early withdrawal penalties.
(8) RMC - at its sole discretion - collected less than the maximum allowable reimbursement of qualifying costs attributable to RMI IX (Costs from RMC on the Statements of Income), which increased the net income, cash available for distribution, and the net-distribution rate. See Note 3 (Manager and Other Related Parties) to the financial statements included in Part 1, Item 1 of this report for a detailed discussion of fees and cost reimbursements to which the manager is entitled.

Key performance indicators as of and for the three months ended September 30, 2021 and 2020 are presented in the following table.

		2021		2020
Secured loans principal – end of period balance	$	73,539,360	$	83,483,575
Secured loans principal– average daily balance		79,260,000	$	80,904,000
Interest income	$	1,791,385	$	1,857,029
Portfolio interest rate(1)		8.5%		8.6%
Effective yield rate(2)		9.0%		9.2%
Line of credit - end of period balance	$	1,100,000	$	10,000,000
Line of credit - average daily balance(3)	$	7,412,000	$	8,524,000
Interest expense	$	108,493	$	122,618
Interest rate - line of credit(3)		5.0%		5.0%
Provision for (recovery of) loan losses	$	—	$	—
Total operations expense(8)	$	421,177	$	415,338
Net income(8)	$	1,285,034	$	1,326,113
Percent of average members' capital(4)(5)		6.4%		6.4%
Member distributions, net	$	1,092,332	$	1,108,339
Percent of average members' capital(4)(6)		5.5%		5.4%
Members' capital, gross – end of period balance	$	78,543,243	$	81,373,590
Members' capital, gross – average daily balance	$	79,169,000	$	81,881,000
Member redemptions(7)	$	1,150,803	$	866,786

(1) Stated note interest rate, weighted daily average (annualized).
(2) Percent of secured loans – average daily balance (annualized).
(3) See Note 5 (Line of Credit) to the financial statements included in Part 1, Item 1 of this report for a presentation of the activity and discussion of the terms and condition of the loan agreement.
(4) Percent of members' capital, gross – average daily balance (annualized).
(5) Percent based on the net income available to members (excluding 1% allocated to manager).
(6) Members Distributions is net of O&O expenses allocated to members' accounts during the year.
(7) At September 30, 2021, scheduled redemptions of members' capital were $931,390 of which $670,383 is payable in 2021, and $261,007 is payable in 2022. Scheduled redemptions of $10,128 are subject to early withdrawal penalties.
(8) RMC - at its sole discretion - collected less than the maximum allowable reimbursement of qualifying costs attributable to RMI IX (Costs from RMC on the Statements of Income), which increased the net income, cash available for distribution, and the net-distribution rate. See Note 3 (Manager and Other Related Parties) to the financial statements included in Part 1, Item 1 of this report for a detailed discussion of fees and cost reimbursements to which the manager is entitled.

Secured loans

The secured loans principal at September 30, 2021 of $73,539,360 was a decrease of approximately 12% ($9.9 million) over the September 30, 2020 secured loans principal of $83,483,575. The decrease is thought to be temporary as funds from loan payoffs (approximately $22.8 million in the three months ended September 30, 2021) are reinvested in funding loans (approximately $16.4 million in the three months ended September 30, 2021) during the fourth quarter of 2021.

We have sought to exercise strong discipline in underwriting loan applications and lending against collateral at amounts that create a secured loan portfolio that has substantial protective equity (i.e., property value to outstanding debt) as indicated by the overall conservative weighted average loan-to-value ratio (LTV) which at September 30, 2021 was approximately 55.2%. Thus, per the appraisal-based valuations at the time of loan inception, borrowers have, in the aggregate, equity of 44.8% in the property, and we as a lender have lent in the aggregate 55.2% (including other senior liens on the property) against the properties we hold as collateral for the repayment of our loans.

Secured loans, principal by LTV and lien position at September 30, 2021 are presented in the following table. The LTVs shown in this table are updated for any appraisals ordered and received by the manager after origination of the loan.

	Secured loans, principal					
LTV[1]	First trust deeds	Percent	Second trust deeds	Percent	Total principal	Percent
<40%	$ 3,844,189	5.3%	$ 3,652,635	5.0%	$ 7,496,824	10.3%
40-49%	13,632,557	18.5	299,865	0.4	13,932,422	18.9
50-59%	12,781,127	17.4	2,165,947	2.9	14,947,074	20.3
60-69%	24,378,710	33.2	3,930,620	5.3	28,309,330	38.5
Subtotal <70%	54,636,583	74.4	10,049,067	13.6	64,685,650	88.0
70-79%	6,403,710	8.7	2,450,000	3.3	8,853,710	12.0
Subtotal <80%	61,040,293	83.1	12,499,067	16.9	73,539,360	100.0
≥80%	—	0.0	—	0.0	—	0.0
Total	$ 61,040,293	83.1%	$ 12,499,067	16.9%	$ 73,539,360	100.0%

(1) LTV classifications in the table above are based on the company's recorded investment in the loan.

Non-performing secured loans, principal by LTV and lien position at September 30, 2021 are presented in the following table. The LTVs shown in this table are updated for any appraisals ordered and received by the manager after origination of the loan.

	Non-performing secured loans, principal					
LTV[2]	First trust deeds	Percent[3]	Second trust deeds	Percent[3]	Total principal	Percent[3]
<40%	$ 931,458	1.3%	$ 760,000	1.0%	$ 1,691,458	2.3%
40-49%	190,198	0.3	299,865	0.4	490,063	0.7
50-59%	404,832	0.6	187,062	0.3	591,894	0.9
60-69%	2,225,000	3.0	883,799	1.2	3,108,799	4.2
Subtotal <70%	3,751,488	5.2	2,130,726	2.9	5,882,214	8.1
70-79%	—	0.0	1,200,000	1.6	1,200,000	1.6
Subtotal <80%	3,751,488	5.2	3,330,726	4.5	7,082,214	9.7
≥80%	—	0.0	—	0.0	—	0.0
Total	$ 3,751,488	5.2%	$ 3,330,726	4.5%	$ 7,082,214	9.7%

(2) LTV classifications in the table above are based on the company's recorded investment in the loan.
(3) Percent of secured loans principal, end of period balance

Payments in arrears at September 30, 2021 for non-performing secured loans, (i.e., principal and interest payments past due 30 or more days) totaled approximately $3,035,000, of which approximately $2,734,000 was principal and approximately $301,000 was accrued interest.

See Note 4 (Loans) to the financial statements included in Part I, Item 1 of this report for detail of the secured loan portfolio, including loan characteristics, scheduled maturities, delinquency and payments in arrears, loans in non-accrual status and the allowance for loan losses, which presentations are incorporated by this reference into this Item 2.

Performance overview/net income 2021 v. 2020

Net income available to members as a percent of members' capital, gross – average daily balance (annualized) was 5.8% for the nine months ended September 30, 2021 and 2020. Net income decreased approximately $56,600 (1.6%) for the nine months ended September 30, 2021 as compared to the same period in 2020 due to an increase in operations expense of approximately $273,200 (25.4%), which was offset in part by an increase in net interest income of $180,700 (3.9%). The increase in operations expense was principally due to an increase in costs from RMC as the manager began, later in 2020, reducing the amount it waived of reimbursements to which it was entitled (see Note 3 (Manager and other Related Parties) to the financial statements included in Part 1, Item 1 of this report) and expanded legal and audit services, principally audit fees incurred in 2021 for the audit of 2020 as a result of COVID-19 related matters.

Members' capital at September 30, 2021 of $78,543,243 was a decrease of approximately $2,830,300 (3.5%) from September 30, 2020, as members' redemptions exceeded the purchase of DRIP units.

Analysis and discussion of income from operations 2021 v. 2020 (nine months ended)

Significant changes to net income for the nine months ended September 30, 2021 and 2020 are summarized in the following table.

	Net interest income	Provision for (recovery of) loan losses	Operations expense	Net income
Nine months ended				
September 30, 2021	$ 4,808,040	—	1,348,972	$ 3,515,152
September 30, 2020	4,627,343	(75)	1,075,743	3,571,717
Change	$ 180,697	75	273,229	$ (56,565)
Change				
Increase secured loans principal - average daily balance	$ 466,381	—	19,050	$ 447,331
Effective yield rate	(86,873)	—	—	(86,873)
Increase members' capital - average daily balance	—	—	51,098	(51,098)
Interest on line of credit	(185,027)	—	—	(185,027)
Amortization of debt issuance costs	(13,784)	—	—	(13,784)
Late fees	—	—	—	36,042
Decrease in allocable expenses from RMC	—	—	(24,755)	24,755
RMC fees/costs reimbursements collected	—	—	123,262	(123,262)
Tax compliance cost efficiency	—	—	(25,830)	25,830
Expanded legal and audit services	—	—	85,516	(85,516)
Timing of services rendered	—	—	11,867	(11,867)
Independent contractors	—	—	4,794	(4,794)
Other	—	75	28,227	(28,302)
Change	$ 180,697	75	273,229	$ (56,565)

The table above presents only the significant changes to net income for the period, and is not intended to cross-foot.

Net interest income

Net interest income increased approximately $180,700 for the nine months ended September 30, 2021 compared to the same period in 2020, resulting from the increase in the average daily balance of secured loans – principal of approximately $7.7 million (10.5%), offset in part by an increase in interest expense of $198,800 (117.4%) as the line of credit was utilized with an average daily balance of approximately $8.6 million for the nine months ended September 30, 2021 as compared to $6.2 million for the nine months ended September 30, 2020 and was not utilized until April 2020.

Foregone interest on non-accrual loans at September 30, 2021 was $182,718, an increase of approximately $136,000 compared to September 30, 2020.

Provision/allowance for loan losses

Generally, the company has not recorded a provision/allowance for loan losses as the secured loans have protective equity such that collection is deemed probable for all recorded amounts due on the loan. There were no additions or charge-offs to the provision for loan losses during the nine months ended September 30, 2021. During the nine months ended September 30, 2020, there was approximately $32,000 in charge-offs to the allowance in relation to a loan in second lien position to facilitate the sale of the underlying collateral which was sold in February 2020.

Operations expense

Significant changes to operations expense for the nine months ended September 30, 2021 and 2020 are summarized in the following table.

	Mortgage servicing fees	Asset management fees	Costs from RMC, net	Professional services	Other	Total
Nine months ended						
September 30, 2021	$ 153,881	424,170	214,284	518,860	37,777	$ 1,348,972
September 30, 2020	134,831	405,963	72,181	452,090	10,678	1,075,743
Change	$ 19,050	18,207	142,103	66,770	27,099	$ 273,229
Change						
Increase secured loans principal - average daily balance	$ 19,050	—	—	—	—	$ 19,050
Increase members' capital - average daily balance	—	18,207	32,891	—	—	51,098
Decrease in allocable expenses from RMC	—	—	(24,755)	—	—	(24,755)
RMC fees/costs reimbursements collected	—	—	123,262	—	—	123,262
Tax compliance cost efficiency	—	—	—	(25,830)	—	(25,830)
Expanded legal and audit services	—	—	—	85,516	—	85,516
Timing of services rendered	—	—	—	11,867	—	11,867
Independent contractors	—	—	—	4,794	—	4,794
Other	—	—	10,705	(9,577)	27,099	28,227
Change	$ 19,050	18,207	142,103	66,770	27,099	$ 273,229

Mortgage Servicing fees

The increase in mortgage servicing fees of $19,050 for the nine months ended September 30, 2021 as compared to the same period in 2020 was due to the increase in the average daily balance - secured loans of $7.7 million, at the annual rate of 0.25%.

Asset management fees

The increase in asset management fees of $18,207 is due to an increase in the members capital base calculation balance at December 31, 2020 compared to December 31, 2019. The current year asset management fee is determined annually based on prior year end balances and is computed by subtracting from the then fair value of the company's loans plus working capital reserves, an amount equal to the outstanding debt.

Costs from RMC, net

In the nine months ended September 30, 2021, RMC - at its sole discretion - collected less than the maximum allowable reimbursement of qualifying costs attributable to RMI IX (Costs from RMC on the Statements of Income). For periods prior to the third quarter of 2020, RMC had waived all reimbursement for the cost of services attributable to RMI IX. The reimbursement of costs from RMC waived was $233,873 and $363,687 in the nine months ended September 30, 2021 and 2020, respectively.

The amount of qualifying costs attributable to RMI IX incurred by RMC was $448,157 and $435,868 in the nine months ended September 30, 2021 and 2020, respectively. The increase was primarily due to an increase in the company's members' capital as a percent of the total capital of the related mortgage funds managed by RMC, offset in part by a decrease in allocable payroll and professional services year over year.

Professional Services

Professional services consist primarily of information technology, legal, audit and tax compliance, and consulting expenses.

The increase in professional services of approximately $67,000 for the nine months ended September 30, 2021 compared to the same period in 2020 was due primarily to:

- Audit and legal fees increased by approximately $86,000 in the nine months ended September 30, 2021 as compared to the same period in 2020 due to expanded legal and audit services associated with the line of credit agreement, loan transactions and valuation of loan collateral.
- Tax compliance costs decreased by approximately $26,000 as a result of process efficiency implemented in 2021.

Analysis and discussion of income from operations 2021 v. 2020 (three months ended)

Significant changes to net income for the three months ended September 30, 2021 and 2020 are summarized in the following table.

	Net interest income	Provision for (recovery of) loan losses	Operations expense	Net income
Three months ended				
September 30, 2021	$ 1,682,892	—	421,177	$ 1,285,034
September 30, 2020	1,734,411	—	415,338	1,326,113
Change	$ (51,519)	—	5,839	$ (41,079)
Change				
Increase (decrease) secured loans principal - average daily balance	$ (33,394)	—	1,421	$ (34,815)
Effective yield rate	(32,250)	—	—	(32,250)
Increase members' capital - average daily balance	—	—	15,960	(15,960)
Interest on line of credit	14,125	—	—	14,125
Late fees	—	—	—	16,279
Decrease in allocable expenses from RMC	—	—	(16,755)	16,755
Expanded legal and audit services	—	—	9,670	(9,670)
Independent contractors	—	—	(18,450)	18,450
Other	—	—	13,993	(13,993)
Change	$ (51,519)	—	5,839	$ (41,079)

The table above presents only the significant changes to net income for the period, and is not intended to cross-foot.

Net interest income

Net interest income decreased approximately $51,500 (3.0%) for the three months ended September 30, 2021 compared to the same period in 2020, resulting from the decrease in the average daily balance of secured loans – principal of approximately $1.6 million (2.0%), offset in part by an decrease in interest expense of $14,100 (11.5%). The decrease is thought to be temporary as funds from loan payoffs (approximately $22.8 million in the three months ended September 30, 2021) are re-invested in funding loans (approximately $16.4 million in the three months ended September 30, 2021) in the fourth quarter of 2021.

Provision/allowance for loan losses

Generally, the company has not recorded a provision/allowance for loan losses as the secured loans have protective equity such that collection is deemed probable for all recorded amounts due on the loan. There were no additions or charge-offs to the provision for loan losses during the three months ended September 30, 2021 and 2020.

Operations expense

Significant changes to operations expense for the three months ended September 30, 2021 and 2020 are summarized in the following table.

	Mortgage servicing fees	Asset management fees	Costs from RMC, net	Professional services	Other	Total
Three months ended						
September 30, 2021	$ 49,921	141,390	70,022	144,765	15,079	$ 421,177
September 30, 2020	48,500	135,321	72,181	156,005	3,331	415,338
Change	$ 1,421	6,069	(2,159)	(11,240)	11,748	$ 5,839
Change						
Increase (decrease) secured loans principal - average daily balance	$ 1,421	—	—	—	—	$ 1,421
Increase members' capital - average daily balance	—	6,069	9,891	—	—	15,960
Decrease in allocable expenses from RMC	—	—	(16,755)	—	—	(16,755)
Expanded legal and audit services	—	—	—	9,670	—	9,670
Independent contractors	—	—	—	(18,450)	—	(18,450)
Other	—	—	4,705	(2,460)	11,748	13,993
Change	$ 1,421	6,069	(2,159)	(11,240)	11,748	$ 5,839

Mortgage Servicing fees

The increase in mortgage servicing fees of $1,421 for the three months ended September 30, 2021 as compared to the same period in 2020 was due to fluctuations in the principal - secured loans balance. Mortgage servicing fees are charged at the annual rate of 0.25%.

Asset management fees

The increase in asset management fees of $6,069 is due to an increase in the members capital base calculation balance at December 31, 2020 compared to December 31, 2019. The current year asset management fee is determined annually based on prior year end balances and is computed by subtracting from the then fair value of the company’s loans plus working capital reserves, an amount equal to the outstanding debt.

Costs from RMC, net

In the three months ended September 30, 2021, RMC - at its sole discretion - collected less than the maximum allowable reimbursement of qualifying costs attributable to RMI IX (Costs from RMC on the Statements of Income). For periods prior to the third quarter of 2020, RMC had waived all reimbursement for the cost of services attributable to RMI IX. The reimbursement of costs from RMC waived was $73,439 and $72,873 in the three months ended September 30, 2021 and 2020, respectively.

The amount of qualifying costs attributable to RMI IX incurred by RMC was $143,461 and $145,054 in the three months ended September 30, 2021 and 2020, respectively.

Professional Services

Professional services consist primarily of information technology, legal, audit and tax compliance, and consulting expenses.

The decrease in professional services of approximately $11,000 for the three months ended September 30, 2021 compared to the same period in 2020 was due primarily to a reduction of fees from contractors due principally to the timing of services to be rendered for the year.

Members' capital, cash flows and liquidity

Cash flows by business activity for the nine months ended September 30, 2021 and 2020 are presented in the following table.

	2021	2020
Members' capital		
Earnings distributed to members, net of DRIP	$ (1,658,175)	$ (1,624,375)
Redemptions, net	(3,826,458)	(2,025,944)
Organization and offering expenses received, net	68,687	42,184
Formation loan	357,468	—
Cash – members' capital, net	(5,058,478)	(3,608,135)
Borrowings		
Line of credit advances (payments), net	(8,900,000)	10,000,000
Interest paid	(336,840)	(101,445)
Debt issuance costs paid	—	(109,526)
Cash – borrowings, net	(9,236,840)	9,789,029
Cash - members' capital and borrowings, net	(14,295,318)	6,180,894
Loan principal/advances/interest		
Loans funded & advances, net	(34,827,455)	(36,331,484)
Principal collected	42,683,651	25,301,168
Loan transferred from related mortgage fund	(4,671,760)	(2,296,677)
Loans transferred to related mortgage funds	2,559,588	—
Loans sold to non-affiliate	2,988,268	480,000
Interest received, net	6,125,243	4,658,819
Late fees	87,904	20,042
Promissory note funded to related party	—	(850,000)
Cash – loans, net	14,945,439	(9,018,132)
Operations expense	(1,395,325)	(1,011,549)
Net change in cash	$ (745,204)	$ (3,848,787)
Cash, end of period	$ 1,553,909	$ 601,742

Redemptions of members capital

Redemptions of members' capital for the three and nine months ended September 30, 2021 and 2020 are presented in the following table.

	Three months ended		Nine months ended	
Redemptions	**2021**	**2020**	**2021**	**2020**
Without penalty	$ 794,264	$ 747,009	$ 3,226,591	$ 1,509,603
With penalty	356,539	119,777	624,269	543,872
Total	$ 1,150,803	$ 866,786	$ 3,850,860	$ 2,053,475
Early withdrawal penalties	$ 13,775	$ 5,598	$ 24,402	$ 27,531

At September 30, 2021, scheduled redemptions of members' capital were $931,390 of which $670,383 is payable in 2021, and $261,007 is payable in 2022. Scheduled redemptions of $10,128 are subject to early withdrawal penalties.

Borrowings

In March 2020, RMI IX entered into a revolving line of credit and term loan agreement and in April 2020 borrowed on the bank line of credit. For the nine months ended September 30, 2021, the line of credit had an average daily balance of approximately $8.6 million. At September 30, 2021, the balance was $1,100,000. See Note 5 (Line of Credit) to the financial statements included in Part I, Item 1 of this report for a detailed presentation of the activity and discussion on the terms and provisions of the loan agreement, which presentation is incorporated by this reference into this Item 2.

Contractual obligations and commitments

At September 30, 2021, the company had no construction or rehabilitation loans outstanding, no loan commitments pending, and no off-balance sheet arrangements as such arrangements are not permitted by the Operating Agreement. Note 3 (Manager and Other Related Parties) to the financial statements included in Part I, Item 1 of this report presents detailed discussion of the company's contractual obligations to RMC.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not included because the company is a smaller reporting company.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The company is externally managed by RMC. The manager is solely responsible for managing the business and affairs of the company, subject to the voting rights of the members on specified matters. The manager acting alone has the power and authority to act for and bind the company. RMC provides the personnel and services necessary for us to conduct our business, as we have no employees of our own.

As a limited liability company, RMI IX does not have a board of directors, nor, therefore, do we have an audit committee of the board of directors. The manager, however, provides the equivalent functions of a board of directors and of an audit committee for, among other things, the following purposes:

- Appointment; compensation, and review and oversight of the work of our independent public accountants; and
- establishing and maintaining internal controls over our financial reporting.

RMC, as the manager, carried out an evaluation, with the participation of RMC's President (acting as principal executive officer/principal financial officer) of the effectiveness of the design and operation of the manager's controls and procedures over financial reporting and disclosure (as defined in Rule 13a-15 of the Exchange Act) as of and for the period covered by this report. Based upon that evaluation, RMC's principal executive officer/principal financial officer concluded, as of the end of such period, that the manager's disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in our reports that we file or submit under the Exchange Act.

Changes to Internal Control Over Financial Reporting

There have not been any changes in internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the manager's or company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

As of September 30, 2021, the company is not involved in any legal proceedings other than those that would be considered part of the normal course of business. In the normal course of business, the company may become involved in various legal proceedings such as assignment of rents, bankruptcy proceedings, appointment of receivers, unlawful detainers, judicial foreclosure, etc. to enforce the provisions of the deeds of trust, collect the debt owed under the promissory notes or protect or recoup its investment from the real property secured by the deeds of trust and to resolve disputes between borrowers, lenders, lien holders and mechanics. None of these actions typically would be of any material importance.

Item 1A. Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

There were no sales of securities by the company which were not registered under the Securities Act of 1933.

Use of Proceeds from Registered Securities

On May 9, 2019, the company filed a Registration Statement on Form S-3 with the SEC (SEC File No. 333-231333) to offer up to 15,000,000 units ($15,000,000) to members of record as of April 30, 2019 that had previously elected to participate in the DRIP or that elect to participate in the DRIP in those states in which regulatory approval has been obtained. The Registration Statement on Form S-3 became effective on May 9, 2019.

As of September 30, 2021, the gross proceeds from sales of units to our members under our DRIP pursuant to the May 9, 2019 Form S-3 Registration Statement (after May 9, 2019) was approximately $5,596,000.

The units have been registered pursuant to Section 12(g) of the Exchange Act. Such registration of the units, along with the satisfaction of certain other requirements under ERISA, enables the units to qualify as “publicly-offered securities” for purposes of ERISA and regulations issued thereunder. By satisfying those requirements, the underlying assets of the company should not be considered assets of a “benefit plan investor” (as defined under ERISA) by virtue of the investment by such benefit plan investor in the units.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description of Exhibits
10.1	Business Loan Agreement; Promissory Note dated March 13, 2020; Pledge and Security Agreement
10.2	Promissory Note; Pledge and Security Agreement dated September 30, 2020
10.3	Promissory Note; Pledge and Security Agreement dated October 14, 2020
31.1	Certification of Manager pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Manager pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REDWOOD MORTGAGE INVESTORS IX, LLC
(Registrant)

Date: November 15, 2021

By: **Redwood Mortgage Corp., Manager**

By: /s/ Michael R. Burwell
Name: Michael R. Burwell
Title: President, Secretary and Treasurer
(On behalf of the registrant, and in the capacity of principal financial officer)