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

FORM 10-K

(Mark one)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Year Ended December 31, 2014

[ ] 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: **333-155428**

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)

1825 South Grant Street, Suite 250, 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: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
[ ] YES [X] NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
[ ] YES [X] NO

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.
[X] YES [ ] NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).
[X] YES [ ] NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K**.** [X]

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

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

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

The registrant's units of membership interests are not publicly traded and therefore have no market value. The registrant is currently conducting the ongoing public offering of its units pursuant to a Registration Statement on Form S-11, which are being sold at $1.00 per unit.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Prospectus, dated April 30, 2014, included as part of Post-Effective Amendment No. 5, filed with the SEC on January 26, 2015, to the Registration Statement on Form S-11 (SEC File No. 333-181953) are incorporated by reference in the following sections of this report:

- Part I – Item 1 – Business
- Part III – Item 11 – Executive Compensation
- Part III – Item 13 – Certain Relationships and Related Transactions, and Director Independence

REDWOOD MORTGAGE INVESTORS IX, LLC
(A Delaware Limited Liability Company)
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December 31, 2014

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Part I

Forward-Looking Statements

Certain statements in this Report on Form 10-K 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, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the company's expectations, hopes, intentions, beliefs and strategies regarding the future. Forward-looking statements include statements regarding future interest rates and economic conditions and their effect on the company and its assets, that the difference between net income recorded and cash distributed to members will diminish in the future, trends in the California real estate market, estimates as to the allowance for loan losses, estimates of future member redemptions, the company's full investment of cash, future funding of loans by the company, 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. Factors that might cause such a difference include unexpected changes in economic conditions and interest rates, the effect of competition and competitive pricing and downturns in the real estate markets in which the company has made loans. All forward-looking statements and reasons why results may differ included in this Form 10-K 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.

Item 1 – Business

Overview

Redwood Mortgage Investors IX, LLC (the "company") is a Delaware limited liability company, qualified to conduct business in California, formed in October 2008 to make loans secured primarily by first and second deeds of trust on California real estate. Redwood Mortgage Corp. ("RMC") and its wholly-owned subsidiary Gymno LLC ("Gymno") are the managers of the company. The address of the company and the managers is 1825 South Grant Street, Suite 250, San Mateo, CA 94402. The mortgage loans the company invests in are arranged and are generally serviced by RMC. Michael Burwell is the president and majority shareholder (through his holdings and beneficial interests in certain trusts) of RMC.

The managers are solely responsible for managing the business and affairs of the company, subject to the voting rights of the members on specified matters. Any one of the managers acting alone has the power and authority to act for and bind the company. The rights, duties and powers of the managers and members of the company are governed by the company's operating agreement and the Delaware Limited Liability Company Act and the California Corporations Code.

In June 2012, the company filed with the SEC a second registration statement on Form S-11, which was declared effective in December 2012 that in substance extends the offering of member units past the sunset date of the registration of the initial public offering, which was filed in November 2008. The 2012 registration offers up to 150,000,000 units of its membership interests to the public and 37,500,000 units to its members pursuant to its distribution reinvestment plan.

Offering proceeds are released to the company and applied to investments in mortgage loans and the payment or reimbursement of organization and offering expenses. The amount of loans the company funds or acquires will depend upon the number of units sold in the public offering and the resulting amount of the net proceeds available for investment in loans.

The following summarizes the status of the offering proceeds, at $1 per unit, as of December 31, 2014:

- Proceeds from investors, including investors in applicant status later accepted by the managers, at December 31, 2014: $21,183,798
- Proceeds under our distribution reinvestment plan from electing members: $1,883,845
- Proceeds from premiums paid by RMC: $137,284 (1)
- Total proceeds from units sold from October 5, 2009, through December 31, 2014: $23,204,927

(1) If a member acquired units through an unsolicited sale, the member's capital account will be credited with their capital contribution plus a premium paid by RMC equal to the amount of the sales commissions that otherwise would have been paid to a broker-dealer by RMC. This amount will be reported in the year paid as taxable income to the member.

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.

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.

Profits and losses are allocated among the members according to their respective capital accounts monthly after 1% of the profits and losses are allocated to the managers. The allocation to the managers (combined) may not exceed 1%. The monthly results are subject to subsequent adjustment as a result of quarterly and year-end accounting and reporting. Members may elect to have all or a portion of their monthly distributions reinvested in additional units, subject to the availability of units under the distribution reinvestment plan. Members may withdraw from the distribution reinvestment plan with written notice. No provision for federal and state income taxes (other than an $800 state minimum tax) is made in the financial statements since income taxes are the obligation of the members if and when income taxes apply. Investors should not expect the company to provide tax benefits of the type commonly associated with limited liability company tax shelter investments.

There are substantial restrictions on transferability of units and accordingly an investment in the company is non-liquid. Members have no right to withdraw from the company or to obtain the return of their capital account for at least one year from the date of purchase of units. In order to provide a certain degree of liquidity, we have adopted a unit redemption program, whereby after the one-year period, a member may redeem all or part of their units, subject to certain limitations.

The description of the company's operating agreement contained in these financial statements provides only general information. Members should refer to the company's operating agreement for a more complete description of the provisions.

Lending and Investment Guidelines, Objectives and Criteria

The company's primary objectives are to make investments which will:

- Yield a high rate of return from mortgage lending;
- Preserve and protect our capital; and
- Generate and distribute cash flow from operations/investments to members.

Loans are arranged and generally serviced by RMC. The company generally funds loans:

- Secured by deeds of trust on real property located in California;
- Having monthly payments of interest only or principal and interest at fixed rates, calculated on a 30-year amortization basis;
- Having maturities of 5 years or less, not to exceed 15 years.

The cash flow and the income generated by the real property securing the loan factor into the credit decisions, as does the general creditworthiness, experience and reputation of the borrower. However, for loans secured by real property, other than owner-occupied personal residences, such considerations are subordinate to a determination that the value of the real property is sufficient, in and of itself, as a source of repayment. The amount of the loan combined with the outstanding debt and claims secured by a senior deed of trust on the real property generally will not exceed a specified percentage of the appraised value of the property (the "loan-to-value ratio", or LTV) as determined by an independent written appraisal at the time the loan is made. The LTV generally will not exceed 80% for residential properties (including multi-family), 75% for commercial properties, and 50% for land. The excess of the value of the collateral securing the loan over our debt and any senior debt owing on the property is the "protective equity."

We believe our LTV policy gives us more potential protective equity than competing lenders who fund loans with a higher LTV. However, we may be viewed as an "asset" lender based on our emphasis on LTV in our underwriting process. Being an "asset" lender may increase the likelihood of payment defaults by borrowers. Accordingly, the company may have a higher level of loan-payment delinquency and loans designated as impaired for financial reporting purposes than that of lenders, such as banks and other financial institutions subject to federal and state banking regulations, which are typically viewed as "credit" lenders.

Recently adopted regulations and enacted federal legislation impact the lending to non-commercial residential borrowers by requiring the lender consider a borrower's ability to meet payment obligations specified in the loan documents. The manager is monitoring developments and, if and when applicable, will adjust underwriting and lending practices accordingly. Residential lending on owner-occupied properties subject to the legislation and regulations generally has not been a significant portion of the loans made by the company.

The company's investment criteria and policies are more fully described under the section entitled "Investment Objectives and Criteria," at pages 62 and following of the company's prospectus, dated April 30, 2014, which is incorporated herein by reference.

Secured Loan Portfolio

See Note 4 (Loans) to the financial statements included in Part II, Item 8 of this report for a detailed presentation on the secured loan portfolio, which presentation is incorporated by this reference into this Item 1.

Competition

The San Francisco Bay Area, including the South Bay/Silicon Valley, and the Los Angeles metropolitan area are our most significant locations of lending activity and the economic vitality of these regions – as well as the stability of the national economy and the financial markets – is of primary importance in determining the availability of new lending opportunities and the performance of previously made loans.

The mortgage lending business in California is highly competitive, and the company will compete with numerous established entities, some of which have more financial resources and experience in the mortgage-lending business. Major competitors in providing mortgage loans include banks, savings and loan associations, thrifts, conduit lenders, mortgage bankers, mortgage brokers, and other entities both larger and smaller than the company.

Regulations

We are subject to various federal, state and local laws and regulations that affect our business. The summary descriptions of key laws and regulations provided below and elsewhere in this Form 10-K do not purport to be complete and are qualified in their entirety by reference to the applicable laws and regulations.

Regulations Applicable to Mortgage Lenders and Servicers

We and RMC, which arranges and generally services our loans, are heavily regulated by laws governing lending practices at the federal, state and local levels. In addition, proposals for further regulation of the financial services industry continually are being introduced.

The laws and regulations to which we and RMC are subject include rules and restrictions pertaining to:

- real estate settlement procedures;
- fair lending;
- truth in lending;
- compliance with federal and state disclosure requirements;
- the establishment of maximum interest rates, finance charges and other charges;
- loan-servicing procedures;
- secured transactions and foreclosure proceedings; and
- privacy regulations providing for the use and safeguarding of non-public personal financial information of borrowers.

Key federal and state laws, regulations, and rules affecting our business include the following:

- *Real Estate Settlement Procedures Act (RESPA).*
  RESPA is a federal law passed in 1974 with the purpose of establishing settlement procedures for real estate purchase and refinance transactions on residential (1-4 unit) properties. It prohibits lenders from requiring the use of specified third-party providers for various settlement services, such as appraisal or escrow services. RESPA also governs the format of the good faith estimate (GFE) of loan transaction charges and the HUD-1 escrow settlement statement.

- *Truth in Lending Act (TILA).*
  TILA is a federal law passed in 1968 for the purpose of regulating consumer financing. For real estate lenders, TILA requires, among other things, advance disclosure of certain loan terms, calculation of the costs of the loan as demonstrated through an annual percentage rate (APR), and the right of a consumer in a refinance transaction on their primary residence to rescind their loan within three days following signing.

- *Home Ownership and Equity Protection Act (HOEPA) and California Covered Loan Law.*
  HOEPA is a federal law passed in 1994 to provide additional disclosures for certain closed-end home mortgages. In 1995, the Federal Reserve Board issued final regulations governing "high-cost" closed-end home mortgages with interest rates and fees in excess of certain percentage or amount thresholds. These regulations primarily focus on additional disclosure with respect to the terms of the loan to the borrower, the timing of such disclosures, and the prohibition of certain loan terms, including balloon payments and negative amortization. Failure to comply with the regulations will render the loan rescindable for up to three years. Lenders can be held liable for attorneys' fees, finance charges and fees paid by the borrower and certain other money damages. Similarly, in California, Assembly Bill 489, which was signed into law in 2001 and became effective as of July 1, 2002, as Financial Code Section 4970, et. seq., provides for state regulation of "high-cost" residential mortgage and consumer loans (also called "covered loans") secured by liens on real property. Section 4970 defines covered loans as consumer loans in which the original principal balance of the loan does not exceed the most current conforming loan limit for a single-family first mortgage loan established by the Federal National Mortgage Association, with interest rates and/or fees exceeding one of the statutorily defined percentage or amount thresholds. The law prohibits certain lending practices with respect to high-cost loans, including the making of a loan without regard to the borrower's income or obligations. When making such loans, lenders must provide borrowers with a consumer disclosure, and provide for an additional rescission period prior to closing the loan.

- *Mortgage Disclosure Improvement Act (MDIA).*
  This federal law enacted in 2008, regulates the timing and delivery of loan disclosures for all mortgage loan transactions governed under RESPA.

- *Home Mortgage Disclosure Act (HMDA).*
  This federal law enacted in 1975 provides for public access to statistical information on a lender's loan activity. It requires lenders to disclose certain information about the mortgage loans it originates and acquires, such as the race and gender of its customers, the disposition of mortgage applications, income levels and interest rate (i.e. APR) information.

- *Red Flags Rule.*
  This federal rule was issued in 2007 under Section 114 of the Fair and Accurate Credit Transaction Act of 2003 and amended by the Red Flag Program Clarification Act of 2010. It requires lenders and creditors to implement an identity theft prevention program to identify and respond to account activity in which the misuse of a consumer's personal identification may be suspected.

- *Graham-Leach-Bliley Act (GLBA) aka Financial Services Modernization Act of 1999.*
  This federal act passed in 1999 requires all businesses that have access to consumers' personal identification information to implement a plan providing for security measures to protect that information. As part of this program, we provide applicants and borrowers with a copy of our privacy policy.

- *Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)***.**
  This federal law passed in 2010 enhanced regulatory requirements on banking entities and other organizations considered significant to U.S. financial markets. The act also provides for reform of the asset-backed securitization market. We do not expect these particular regulatory changes will have a material direct effect on our business or operations. The act imposes significant new regulatory restrictions on the origination of residential mortgage loans, under sections concerning "Mortgage Reform and Anti-Predatory Lending." For example, when a consumer loan is made, the lender is required to make a reasonable and good faith determination, based on verified and documented information concerning the consumer's financial situation, whether the consumer has a reasonable ability to repay a residential mortgage loan before extending the loan. The act calls for regulations prohibiting a creditor from extending credit to a consumer secured by a high-cost mortgage without first receiving certification from an independent counselor approved by a government agency. The act also adds new provisions prohibiting balloon payments for defined high-cost mortgages. The act also established the Consumer Finance Protection Bureau (CFPB), giving it regulatory authority over most federal consumer-lending laws, including those relating to residential mortgage lending.

- *CFPB*'s *Proposed Qualified Mortgage (QM) and Qualified Residential Mortgage (QRM) Rules.*
  Under the Dodd-Frank Act, the Consumer Finance Protection Bureau (CFPB) is charged with writing rules to implement two new underwriting standards, QMs and QRMs. Although these two standards affect different areas of lending, they have similar definitions under the Dodd-Frank Act, and their implementation will most likely have a similar effect within the mortgage-lending industry. Under the CFPB's final QM rule, which became effective January 10, 2014, there exists a presumption for loans meeting the QM standard that the lender has met the "ability to pay" requirements of the Dodd-Frank Act. Regarding QRMs, securitizers are required to retain a 5% interest in any securities they issue, unless 100% of the securities in the offering meet the QRM standard. To limit their liability, most institutional lenders will only be interested in writing loans that fall within the QM and QRM standards, which could have the effect of constricting the availability of credit to real property.

- *The California Homeowner's Bill of Rights (HOBR).*
  This series of state laws, which became effective January 1, 2013, is intended to ensure fair lending and borrowing practices for California homeowners by guaranteeing basic fairness and transparency during the foreclosure process. Key provisions include restrictions on dual-track foreclosures, a guaranteed single point of contact, civil penalties for lenders filing unverified documents, and protections for tenants of foreclosed properties. HOBR also provides borrowers with the authority to seek redress of material violations of its rules, such as by an injunction (prior to foreclosure sale) or recovery of damages (after foreclosure sale).

Pending Legislative and Regulatory Proposals.

- *Proposed Amendments to the U.S. Bankruptcy Code.*
  Since 2008, proposed legislation has been introduced before the U.S. Congress for the purpose of amending Chapter 13 in order to permit bankruptcy judges to modify certain terms in certain mortgages in bankruptcy proceedings, a practice commonly known as cramdown. Presently, Chapter 13 does not permit bankruptcy judges to modify mortgages of bankrupt borrowers. While the breadth and scope of the terms of the proposed amendments to Chapter 13 differ greatly, some commentators have suggested that such legislation could have the effect of increasing mortgage borrowing costs and thereby reducing the demand for mortgages throughout the industry. It is too early to tell when or if any of the proposed amendments to Chapter 13 may be enacted as proposed and what effect any such enacted amendments to Chapter 13 would have on the mortgage industry. Some local and state governmental authorities have taken, and others are contemplating taking, regulatory action to require increased loss mitigation outreach for borrowers, including the imposition of waiting periods prior to the filing of notices of default and the completion of foreclosure sales and, in some cases, moratoriums on foreclosures altogether.

Item 1A – Risk Factors

In considering our future performance and any forward-looking statements made in this report, the material risks described below should be considered carefully. These factors should be considered in conjunction with the other information included elsewhere in this report.

MORTGAGE LENDING AND REAL ESTATE RISKS

If We Are Unable to Raise Substantial Funds, We Will Be Limited in the Number and Type of Properties We May Finance

The ongoing offering of units to raise capital is being made on a "best efforts" basis, which means the broker-dealers participating in the offering are only required to use their best efforts to sell our units and have no firm commitment or obligation to purchase any of the units. As a result, we cannot assure that any specific amount of gross proceeds will be raised. The maximum amount of this offering, at $1 per unit, is up to 150,000,000 units in the primary offering and up to 37,500,000 units in the distribution reinvestment plan. To the extent we sell less than such maximum amount, and thus have fewer proceeds, we will originate and acquire fewer loans resulting in less diversification in terms of the number of properties financed, the geographic regions in which such properties are located and the types of properties securing the mortgages in which we invest. In such event, the likelihood of our profitability being affected by the performance of any one of our investments will increase. Your investment in our units will be subject to greater risk to the extent that we lack a diversified portfolio of mortgage assets. In addition, our fixed operating expenses, as a percentage of gross income, would be higher, and our financial condition and ability to pay distributions could be adversely affected if we are unable to raise substantial funds.

Suitable Mortgage Loans May Not Be Available From Time to Time, Which Could Reduce Your Return on Investment

Our managers receive referrals from a variety of sources but will only originate or arrange loans that satisfy our investment criteria. The ability to find suitable loans is more difficult when the economy is weaker and there is less activity in the real estate market. For example, currently the residential and commercial real estate markets in the San Francisco Bay Area are recovering from a significant downturn in investment and purchase activity in the market and less demand for mortgage loans. From time to time a similar decline in demand for loans may occur, and we may be unable to find a sufficient number of suitable loans, which could leave us with excess cash. In such event, we will make short-term, interim investments in government obligations, certificates of deposit, money market or other liquid-asset accounts, with the offering proceeds pending investment in suitable loans. Interest returns on these investments are usually lower than on mortgage loans, which would reduce our profits and the yield to members.

Loan Defaults and Foreclosures May Adversely Affect Us

We are engaged in the business of lending and, as such, we are subject to the risk that borrowers may be unable to repay the loans we have made to them in accordance with the terms of the loan agreement. Our loans will not be insured by the Federal Housing Administration or guaranteed by the Veterans Administration or otherwise guaranteed or insured by a government agency. Most loans will be interest-only or interest with small periodic repayments of principal. This means:

- The loans are structured to provide for relatively small monthly payments, typically interest-only, with a large "balloon" payment of principal due at the end of the term. Many borrowers are unable to repay such loans at maturity out of their own funds and are compelled to refinance or sell their property.

- Defaults and foreclosures may increase if the economy weakens or if interest rates increase, which may make it more difficult for borrowers to refinance their loans at maturity or sell their property.
- If a borrower is unable to repay the loan and defaults, we may be forced to acquire the property at a foreclosure sale. If we cannot quickly sell or refinance such property, and the property does not produce income in excess of expenses, our profitability will be adversely affected.
- Recently enacted borrower protection laws, both Federal and in California, impose additional notice and disclosure requirements on lenders which may slow or limit a lender's ability to exercise remedies against residential real property collateral (principally 1-4 units), including rights to sell the property in a foreclosure sale and certain rights of tenants residing in the properties. We are aware of other proposed federal and state legislation under consideration which, if enacted, may significantly limit a lender's ability to exercise remedies against residential real property collateral following a borrower's default in the performance of its loan obligations.

In addition, any litigation instituted by a defaulting borrower or the operation of the federal bankruptcy laws may have the effect of delaying enforcement of the lien of a defaulted loan and may in certain circumstances reduce the amount realizable from sale of a foreclosed property. A "lien" is a charge against the property of which the holder may cause the property to be sold and use the proceeds in satisfaction of the lien. In the event our right to foreclose is contested, the legal proceedings necessary to resolve the issue can be time-consuming. A judicial foreclosure may be subject to most of the delays and expenses of other litigation, sometimes requiring up to several years to complete.

Our Entry Into Workout Agreements with Delinquent Borrowers Could Lead to a Loss of Revenue

In the event we enter into workout agreements, we may experience a loss of revenue, which could adversely affect our profitability and the returns to our members. For example, we may periodically enter into workout agreements with borrowers who are past maturity or delinquent in their regular payments. Typically, a workout allows the borrower to extend the due date of the balloon payment and/or defer past-due payments, often while continuing to make current monthly payments, which allows the borrower time to seek alternative means of paying the loan in full.

We Must Rely on Appraisals Which May Not Be Accurate or May Be Affected by Subsequent Events

We will rely on appraisals prepared by unrelated third parties to determine the fair market value of real property used to secure our loans. We rely on such appraisals for, among other matters, determining our loan-to-value ratio (LTV). In the case of a loan made in connection with a pending property purchase, an appraisal may, for various reasons, reflect a higher or lower value than the purchase amount; we will nevertheless base our LTV on the appraised value, rather than on such purchase amount. We cannot guarantee that such appraisals will, in any or all cases, be accurate or that the appraisals will reflect the actual amount buyers will pay for the property. If an appraisal is not accurate, our loan would not be as secure as we anticipated. In the event of foreclosure, we may not be able to recover our entire investment. Additionally, since an appraisal fixes the value of real property at a given point in time, subsequent events could adversely affect the value of the real property used to secure a loan. For example, if the value of the property declines to a value below the amount of the loan, the loan could become under-collateralized. This would result in a risk of loss for us if the borrower defaults on the loan.

Our Emphasis on the Collateral Value of the Real Estate Securing our Loans May Increase the Risk of Loan Defaults and Foreclosures

Our emphasis on asset-based lending may increase the risk of loan defaults by borrowers and foreclosures. The cash flow and the income generated by the real property that is to secure the loan are factors affecting our decision to make a particular loan, as are the general creditworthiness, experience and reputation of the borrower. For loans secured by real property, other than owner-occupied personal residences, those considerations are subordinate to a determination that the value of the real property is sufficient, in and of itself, as a source of repayment. The amount of the loan combined with the outstanding debt and claims secured by a senior deed of trust on the real property generally will not exceed a specified percentage of the appraised value of the property as determined by an independent written appraisal at the time the loan is made. The LTV generally will not exceed 80% for residential properties (including multi-family), 75% for commercial properties, and 50% for land. The excess of the value of the collateral securing the loan over our debt and any senior debt owing on the property is the "protective equity."

We Compete With Many Other Mortgage Lenders for Loans Which Could Lead to Lower Yields and Fewer Lending Opportunities

Increased competition for mortgage loans could lead to reduced yields and fewer investment opportunities. The mortgage-lending business is highly competitive, and we compete with numerous established entities, some of which have more financial resources and experience in the mortgage lending business than our managers. We will encounter significant competition from banks, insurance companies, savings and loan associations, mortgage bankers, pension funds, real estate investment trusts and other lenders with objectives similar in whole or in part to ours.

Some of Our Loans are Junior in Priority and More Difficult and Costly to Protect

We anticipate that our loans will eventually be diversified as to priority approximately as follows:

- first mortgages – 40-60%
- second mortgages (which will be junior to a first mortgage) – 40-60%
- third mortgages (which will be junior to two other mortgages) – 0-10%.

The lien securing each loan will not be junior to more than two other encumbrances (a first and, in some cases, a second deed of trust) on the real property which is to be used as security for the loan. In the event of foreclosure under a second or third deed of trust the debt secured by a senior deed(s) of trust must be satisfied before any proceeds from the sale of the property can be applied toward the debt owed to us. To protect our junior security interest, we may be required to make substantial cash outlays for such items as loan payments to senior lien holders to prevent their foreclosure, property taxes, insurance, repairs, maintenance and any other expenses associated with the property. These expenditures could have an adverse effect on our profitability.

We Make Construction Loans Which May Subject Us to Greater Risks

Construction loans are those loans made to borrowers constructing entirely new structures or dwellings, whether residential, commercial or multi-family properties. We may make construction loans up to a maximum of 10% of our loan portfolio. Investing in construction loans subjects us to greater risk than loans related to properties with operating histories. If we foreclose on property under construction, construction generally will have to be completed before the property can begin to generate an income stream or be sold. We may not have adequate cash reserves on hand with respect to junior encumbrances and/or construction loans at all times to protect our security. If we have inadequate cash reserves, we could suffer a loss of our investment. Additionally, we may be required to obtain permanent financing of the property in addition to the construction loan which could involve the payment of significant fees and additional cash obligations for us. As of December 31, 2014, we had not funded any construction loans.

We Make Rehabilitation Loans Which May Subject Us to Greater Risks

In addition to construction loans, we may make "rehabilitation loans." Rehabilitation loans are those loans made to borrowers remodeling, adding to and/or rehabilitating existing structures or dwellings, whether residential, commercial or multi-family properties. We may make rehabilitation loans up to a maximum of 15% of our loan portfolio. Investing in rehabilitation loans subjects us to greater risk than standard acquisition loans for properties. If we foreclose on a property undergoing remodeling or rehabilitation, such remodeling or rehabilitation generally will have to be completed before the property can realize the anticipated increase in value from such remodeling or rehabilitation. We may not have adequate cash reserves on hand with respect to junior encumbrances and/or rehabilitation loans at all times to protect our security. If we have inadequate cash reserves, we could suffer a loss of our investment. Additionally, we may be required to obtain permanent financing of the property in addition to the rehabilitation loan, which could involve the payment of significant fees and additional cash obligations for us.

Owning Real Estate Following Foreclosure Will Subject Us to Additional Risks

If a borrower is unable to pay our loan or refinance it when it is due, it may be in our best interest to institute foreclosure proceedings against the borrower, and we may sometimes be required to own the property for a period of time. We will be subject to certain economic and liability risks attendant to property ownership which may affect our profitability. The risks of ownership will include the following:

- The property could generate less income for us than we could have earned from interest on the loan.
- If the property is a rental property we will be required to find and keep tenants.
- We will be required to oversee and control operating expenses.
- We will be subject to general and local real estate and economic market conditions which could adversely affect the value of the property.
- We will be subject to any change in laws or regulations regarding taxes, use, zoning and environmental protection and hazards.
- We will be required to maintain insurance for property and liability exposures such as potential liability for any injury that occurs on or to the property.
- We will be subject to state and federal laws and local municipal codes and penalties relating to tenant retention and the maintenance and upkeep of lender-owned properties.
- We may be subject to federal and state tax laws and regulations with respect to the tax treatment of items of our income, gain, loss or deductions for real estate held for investment, rental and/or sale, which in turn may result in federal and state tax payment and filing exposure for our members.

The Consumer Financial Protection Bureau Could Increase Our Administrative Burdens

The company's lending activity may be subject to regulations promulgated by the Consumer Finance Protection Bureau (CFPB), and further the company may be subject to examination by the CFPB. Such examinations, as well as regulations the CFPB might issue in the future, could ultimately increase our administrative burdens and adversely affect the return to our members.

If We Decide to Develop Property Acquired by Us, We Will Face Many Additional Risks

If we have acquired property through foreclosure or otherwise, there may be circumstances in which it would be in our best interest not to immediately sell the property, but to develop it ourselves. Depending upon the location of the property and market conditions, the development done by us could be either residential (single or multi-family) or commercial. Development of any type of real estate involves risks including the following:

- We will be required to rely on the skill and financial stability of third-party developers and contractors.
- Any development or construction will involve obtaining local government permits. We will be subject to the risk that our project does not meet the requirements necessary to obtain those permits.
- Any type of development and construction is subject to delays and cost overruns.
- There can be no guarantee that upon completion of the development that we will be able to sell the property or realize a profit from the sale.
- Economic factors and real estate market conditions could adversely affect the value of the property.

As of December 31, 2014, we had not foreclosed on any properties.

Bankruptcy and Legal Limitations on Personal Judgments May Adversely Affect Our Profitability

Any borrower has the ability to delay a foreclosure sale by us for a period ranging from several months to several years or more by filing a petition in bankruptcy. The filing of a petition in bankruptcy automatically stops or "stays" any actions to enforce the terms of the loan. The length of this delay and the costs associated with it will generally have an adverse impact on our profitability. We also may not be able to obtain a personal judgment against a borrower.

Unintended Violations of Usury Statutes May Adversely Affect Us

Usury laws impose restrictions on the maximum interest that may be charged on our loans. Subject to applicable requirements of California law, loans originated by a licensed California real estate broker or a licensed California Finance Lender will be exempt from applicable California usury provisions. Since Redwood Mortgage Corp., a licensed California real estate broker and a holder of a California Finance Lenders license, or "CFL license," originates our loans, our loans should be exempt from applicable state usury provisions. Nevertheless, unintended violations of the usury statutes may occur. In such an event, we may have insufficient cash to pay any damages, thereby adversely affecting our operations. We could also lose our entire investment. We also intend to apply for a CFL license in the name of Redwood Mortgage Investors IX, LLC, to provide additional flexibility in establishing the usury exemption.

If We Make High-Cost Mortgages, We Will Be Required to Comply With Additional Regulations

Although we anticipate making relatively few loans that would qualify as "high-cost mortgages," as defined by regulations of the CFPB, the failure to comply with these regulations could adversely affect us. The CFPB defines a "high-cost mortgage" as any consumer loan secured by a primary residence where either (i) the annual percentage rate (APR), measured as of the date the rate is set, exceeds the average prime offer rate (APOR) for a comparable transaction on that date by more than 6.5% on a first mortgage or 8.5% on a junior mortgage; or (ii) the total fees payable by the consumer exceed 5% for a loan of more than or equal to $20,000, or 8.5% or $1,000 (whichever is less) on a loan of less than $20,000. The high-cost mortgage regulations primarily focus on:

- additional disclosure with respect to the terms of the loan to the borrower;
- the timing of such disclosures; and
- the prohibition of certain terms in the loan including balloon payments and negative amortization.

The failure to comply with the regulations, even if the failure was unintended, will render the loan rescindable for up to three years. The lender could also be held liable for attorneys' fees, finance charges and fees paid by the borrower and certain other money damages.

In addition, under California law residential mortgage and consumer loans secured by liens on primary residences in amounts less than the Fannie Mae/Freddie Mac conforming loan limit are considered to be "high-cost loans" if they have (i) an annual percentage rate at least 8% above the interest rate on U.S. Treasury securities of a comparable maturity, or (ii) points and fees in excess of 6% of the loan amount, exclusive of the points and fees. While it is unlikely that we would make many high-cost loans, the failure to comply with California law regarding such loans could have significant adverse effects on us. The law prohibits certain lending practices with respect to high-cost loans, including the making of a loan without regard to the borrower's income or obligations. When making such loans, lenders must provide borrowers with a consumer disclosure, and provide for an additional rescission period prior to closing the loan. The reckless or willful failure to comply with any provision of this law, including the mandatory disclosure provisions, could result in, among other penalties, the imposition of administrative penalties of $25,000, loss or suspension of the offending broker's license, as well as exposure to civil liability to the consumer/borrower (including the imposition of actual and punitive damages).

We Operate in a Highly Regulated Industry and the Failure to Comply with Such Regulations Will Materially Adversely Affect Our Business

The mortgage business has traditionally been highly regulated. The costs of complying with these regulations could adversely affect our profitability, and violations of these regulations could materially adversely affect our business and financial results. Recently, the turmoil in our industry has led to various enacted and proposed new legislation, rules and regulations by federal, state and local authorities relating to the origination and servicing of mortgage loans. These initiatives could result in delayed or reduced collections from mortgagors, limitations on the foreclosure process and generally increased loan origination and servicing costs. These legislative and regulatory initiatives could ultimately increase our administrative burdens and adversely affect the returns to our members.

Since We Are Not Regulated As a Bank, Our Members and Borrowers May Have Fewer Protections

Although we are engaged in mortgage lending, we and our affiliates are not banks and, accordingly, are not generally subject to the federal and state banking regulations, policies and oversight applicable to banks. For example, banks are subject to federal regulation and examination by the Federal Deposit Insurance Corporation (FDIC), which insures bank deposits up to applicable limits. The operations of banks are also subject to the regulation and oversight of the Federal Reserve Board and state banking regulators. Banks are required to maintain a minimum level of regulatory capital in accordance with stringent guidelines established by federal law. Federal and state banking agencies also regulate the lending practices, capital structure, investment practices and dividend policy of banks, among other things.

Because we and our affiliates are generally not subject to the capital requirements and other regulations and oversight applicable to banks, our members and borrowers may not have the same level of protections and safeguards afforded to owners and customers of banks.

Larger Loans May Result in Less Diversity and May Increase Risk

Investing in fewer, larger loans generally decreases diversification of the portfolio and increases the risk of loss and the possible reduction in profits and yield to our members in the case of a delinquency of such a loan. However, since larger loans generally will carry a somewhat higher interest rate, our managers may determine, from time to time, that a relatively larger loan is advisable for us. Our maximum investment in a loan will not exceed 10% of our then total gross offering proceeds. As of December 31, 2014, the company held 52 loans secured by deeds of trust, with an aggregate face value of $19,185,660. The average loan outstanding principal balance was approximately $368,955 as of December 31, 2014. Average loan outstanding principal balance as of December 31, 2014, represented 1.89% of members' capital and 1.92% of outstanding secured loans. The size of the largest secured loan as of December 31, 2014, was approximately $1,600,000 and represented 8.19% of members' capital, 8.34% of outstanding secured loans and 7.69% of our total assets.

Use of Borrowed Money May Reduce Our Profitability or Cause Losses Through Liquidation

We are permitted to borrow funds for the purpose of making loans, for increased liquidity, reducing cash reserve needs or for any other proper purpose on any terms commercially available. We may assign all or a portion of our loan portfolio and/or all or a portion of real estate that we own as security for such loans. Our managers may not leverage more than, and our total indebtedness may not at any time exceed, 50% of members' capital.

If we have borrowed money to fund loans, increases in the prevailing rate may have an adverse effect. If borrowed money bears interest at a variable rate, and we are making fixed rate loans, a rise in the prevailing rate could result in our having to pay more in interest on the borrowed money than we make on loans to our borrowers. This may reduce our profitability, and, should the company default on its debt, may result in additional losses through forced liquidation of loans.

Changes in Interest Rates May Affect Your Return on Your Investment

We expect that our loans will typically have fixed rates and the majority of our loans will be for terms of one to five years. Consequently, due to the terms of our loans, if interest rates rapidly increase, such interest rates may exceed the average interest rate earned by our loan portfolio. If prevailing interest rates rise above the average interest rate being earned by our loan portfolio, you may be unable to quickly sell your units, as they are an illiquid investment, in order to take advantage of higher returns available from other investments. In addition, an increase in interest rates accompanied by a tight supply of mortgage funds may make refinancing by borrowers with balloon payments difficult or impossible. This is true regardless of the market value of the underlying property at the time such balloon payments are due. In such event, the property may be foreclosed upon.

Moreover, we expect that the majority of our loans will not include prepayment penalties for a borrower paying off a loan prior to maturity. The absence of a prepayment penalty in our loans may lead borrowers to refinance higher-interest rate loans in a market of falling interest rates. This would then require us to reinvest the prepayment proceeds in loans or alternative short-term investments with lower interest rates and a corresponding lower yield to members.

Marshaling of Assets Could Delay or Reduce Recovery of Loans

As security for a single loan, we may require a borrower to execute deeds of trust on other properties owned by the borrower in addition to the property the borrower is purchasing or refinancing. In the event of a default by the borrower, we may be required to “marshal” the assets of the borrower. Marshaling is an equitable doctrine used to protect a junior lienholder with a security interest in a single property from being “squeezed out” by a senior lienholder, such as us, with a security interest not only in the property, but in one or more additional properties. Accordingly, if another creditor of the borrower forced us to marshal the borrower’s assets, foreclosure and eventual recovery of the loan could be delayed or reduced, and our costs associated therewith could be increased.

We May Provide Loans to Borrowers Who Are in Default Under Other of Their Obligations

The cash flow and the income generated by the real property that is to secure the loan are factors affecting our decision to make a particular loan, as are the general creditworthiness, experience and reputation of the borrower. For loans secured by real property, other than owner-occupied personal residences, those considerations are subordinate to a determination that the value of the real property is sufficient, in and of itself, as a source of repayment. Accordingly, loans may be made to borrowers who are in default under other of their obligations (e.g., to consolidate their debts) or who do not have sources of income that would be sufficient to qualify for loans from other lenders such as banks or savings and loan associations. There is a greater risk that such borrowers will default under loans we make to them.

We May Face Potential Liability for Toxic or Hazardous Substances

If we take an equity interest in, management control of, or foreclose on any of the loans, we may be considered the owner of the real property securing such loans. In the event of any environmental contamination, there can be no assurance that we would not incur full recourse liability for the entire cost of any such removal and cleanup, even if we did not know about or participate in the contamination. Full recourse liability means that any of our property, including the contaminated property, could be sold in order to pay the costs of cleanup in excess of the value of the property at which such contamination occurred. In addition, we could incur liability to tenants and other users of the affected property, or users of neighboring property, including liability for consequential damages. Consequential damages are damages that are a consequence of the contamination but are not costs required to clean up the contamination, such as lost profits of a business.

If Properties We Own Contain Hazardous Substances, We Could Be Required to Pay for Their Removal or Clean Up

If we became the “owner” of any real property containing hazardous substances, we would also be exposed to risk of lost revenues during any cleanup, the risk of lower lease rates or decreased occupancy if the existence of such substances or sources on the property were a health risk. If we fail to remove the substances or sources and clean up the property, federal, state, or local environmental agencies could perform such removal and cleanup. Such agencies would impose and subsequently foreclose liens on the property for the cost thereof. We may find it difficult or impossible to sell the property prior to or following any such cleanup. If such substances are discovered after we sell the property, we could be liable to the purchaser thereof if our managers knew or had reason to know that such substances or sources existed. In such case, we could also be subject to the costs described above.

If we are required to incur such costs or satisfy such liabilities, this could have a material adverse effect on our profitability. Additionally, if a borrower is required to incur such costs or satisfy such liabilities, this could result in the borrower’s inability to repay its loan from us.

Conflicts May Arise if We Participate in Loans With Other Programs Organized by Our Managers

In certain limited circumstances and subject to compliance with applicable regulations or guidelines, we may participate in loans with other programs organized by our managers, where we purchase a fractional undivided interest in a loan. Our portion of the total loan may be smaller or greater than the portion of the loan made by the other programs. You should be aware that participating in loans with other programs organized by our managers could result in a conflict of interest between us and our managers as well as between us and such other programs, in the event that the borrower defaults on the loan and our managers protect the interests of other programs, which they have organized, in the loan and in the underlying security.

Certain Economic Events Could Cause Declines in Cash Flows

Events and/or conditions such as general economic downturns, recessions, depressions, dramatic changes in interest rates and periods of illiquidity can disrupt expected cash returns from mortgage lending. These types of events are difficult to predict and can occur unexpectedly.

Should a significant economic deterioration occur we could suffer declines in cash flows and increases in loan delinquencies as was experienced by mortgage lenders in general during the period of financial crisis which began in 2009.

Our Operating Results May be Affected by Economic and Regulatory Changes That Have an Adverse Impact on the Real Estate Market

Our operating results will be subject to risks generally associated with the ownership of assets related to the real estate industry, including:

- changes in interest rates and availability of mortgage loans;
- changes in general economic or local conditions; and
- changes in tax, environmental, zoning and other real estate laws.

Due to these reasons, among others, we cannot assure you that we will be profitable or that we will maintain profitability.

The Concentration of Loans with a Single Borrower May Increase Our Risks

We may invest in multiple secured loans that share a common borrower. The aggregate of our loans, however, to any one borrower may not exceed 10% of the then total gross offering proceeds. The bankruptcy, insolvency or other inability of any borrower that is the subject of multiple loans to pay interest or repay principal on its loans would have adverse effects on our income and reduce the amount of funds available for distribution to members. The more concentrated our portfolio is with one or a few borrowers, the greater credit risk we face. The loss of any one of these borrowers would have a material adverse effect on our financial condition and results of operations.

INVESTMENT RISKS

Lack of Liquidity of Units Increases Their Risks

There are substantial restrictions on the transferability of the units. You will not be free to sell or transfer your units at will, and they may not be acceptable by a lender as security for borrowing. No public trading market for the units is expected to exist after the offering. It is highly unlikely that a public trading market ever will develop. The exemptions for secondary trading available under California Corporations Code §25104(h) will be withheld, but that there may be other exemptions to cover private sales by the bona fide owner for his or her own account without advertising and without being effected by or through a broker dealer in a public offering. The California Commissioner of Corporations also imposes a restriction on sale or transfer, except to specified persons, because of the investor suitability standards that apply to a purchaser of units who is a resident of California. Units may not be sold or transferred without consent of the Commissioner, except to family members, other holders of units, and us. Our operating agreement also imposes substantial restrictions upon your ability to transfer units. The operating agreement provides you with a limited right to redeem units, subject to certain limitations and requirements. The amount that a redeeming member will receive from the company is based on the lesser of the purchase price paid by the redeeming member or the redeeming member's capital account balance as of the date of each redemption payment. A capital account is a sum calculated for tax and accounting purposes, and may be greater than or less than the fair market value of such member's interest in the company. The fair market value of your units will be irrelevant in determining amounts to be paid upon redemption. As described above, the amount received by a redeeming member may, under certain circumstances, be based on the member's capital account balance as of the date of each redemption payment, rather than the date of the redemption request. Accordingly, the amount paid to a member upon redemption may not reflect the redeeming member's capital balance as of the date on which the redemption request was made. In addition, your units may not be readily accepted as collateral for a loan. Consequently, you should consider the purchase of units only as a long-term investment.

You are Limited in Your Ability to Have Your Units Redeemed Under Our Unit Redemption Program

Our unit redemption program contains significant restrictions and limitations that limit your ability to redeem your units. The number of units you may redeem per quarter will be subject to a maximum of the greater of 100,000 units or 25% of your units outstanding. In addition, we will not, in any calendar year, redeem from all of our members a total of more than 5% (or in any calendar quarter, redeem more than 1.25%) of the weighted average number of all units outstanding during the twelve-month period immediately prior to the date of the redemption.

Moreover, our managers reserve the right, in their sole discretion, at any time, to reject any request for redemption, or to suspend or terminate the acceptance of new redemption requests without prior notice, or to terminate, suspend or amend the unit redemption program upon 30-day notice. Therefore, in making a decision to purchase units, you should not assume that you will be able to sell any of your units back to us pursuant to our redemption program.

We will fund redemptions solely from available company cash flow and will not establish a reserve from which to fund redemptions. Accordingly, we cannot guarantee that we will have sufficient funds to accommodate all redemption requests made in any given year.

There is No Assurance You Will Receive Cash Distributions

Our managers and their affiliates will be paid and reimbursed by us for certain services performed for us and expenses paid on our behalf. We will bear all other expenses incurred in our operations. All of these fees and expenses are deducted from cash funds generated by our operations prior to computing the amount that is available for distribution to you. Our managers, in their discretion, may also retain a portion of cash funds generated from operations for working capital purposes. Accordingly, there is no assurance as to when or whether cash will be available for distributions to you.

We May Pay Distributions From Sources Other Than Cash Flow From Operating Activities Which Would Result in Fewer Funds Available to Invest in Mortgages and Could Reduce Our Members' Overall Return

In the event we do not have enough cash flow from operating activities to fund our distributions, we may need to defer or reduce distributions or fund distributions from cash on hand, which may include proceeds from offerings and loan repayments from borrowers. In 2014 and 2013, we did not generate enough cash flow from operating activities to fully fund distributions. Therefore, some of those distributions were paid from sources other than cash flow from operating activities. Distributions in excess of our cash flow from operating activities have been funded from cash on hand, which can include proceeds from offerings, loan repayments from borrowers, and borrowings, if any.

You Must Rely on Our Managers for Management Decisions; You Will Have No Control Over Our Operation

All decisions with respect to our management will be made exclusively by our managers. In addition, our managers originate or arrange all of our mortgage loans. Our success will, to a large extent, depend on the quality of our management, particularly as it relates to lending decisions. You have no right or power to take part in our management. Accordingly, you should not purchase any of the units offered unless you are willing to entrust all aspects of management to our managers. You should carefully evaluate our managers' capabilities to perform such functions.

Because We Do Not Have Independent Directors, Members May Have Less Protection Against Affiliated Transactions and Conflicts of Interests

We are managed by our managers who have various conflicts of interest in connection with their management of us. We do not have a board of directors or any independent directors. The absence of independent directors may leave our members with less protection against affiliated transactions and conflicts of interest arising out of our relationship with our managers and their affiliates and similar matters. These include arrangements pursuant to which our managers and their affiliates are compensated by us. If actions are taken by our managers, or expenses are incurred that are not in our best interests, it could have a material adverse effect on our business and operations.

Because We Do Not Have an Audit or Compensation Committee, Members Will Have to Rely on Our Managers, Who are Not Independent, to Perform These Functions

Since the units are not listed for trading on a national securities exchange, we are not subject to certain of the corporate governance rules established by the national securities exchanges pursuant to the Sarbanes-Oxley Act of 2002. Among other things, these rules relate to independent director standards, audit and compensation committees standards and the use of an audit committee financial expert. Accordingly, our members will not receive the protections these rules and standards were enacted to provide, such as protections against interested director transactions, conflicts of interest and similar matters.

We do not have an audit or compensation committee. As a result, members will have to rely on our managers, none of whom are independent, to perform these functions. Thus, there is a potential conflict in that our managers, who are engaged in management, will participate in decisions concerning management compensation and audit issues that may affect management performance.

Your Ability to Recover Your Investment on Dissolution and Termination Will Be Limited

In the event of our dissolution or termination, the proceeds realized from the liquidation of assets, if any, will be distributed to the members only after the satisfaction of claims of creditors. Accordingly, your ability to recover all or any portion of your investment under such circumstances will depend on the amount of funds so realized and claims to be satisfied from those proceeds. Additionally, if you have elected to reinvest your distributions into additional units through your participation in our distribution reinvestment plan, you could lose such reinvested distributions in addition to the amount of your initial investment.

We Established the $1 Per Unit Offering Price on an Arbitrary Basis

We arbitrarily determined the $1 per unit selling price for this offering as well as the $1 per unit price for reinvestment of distributions. Such price bears no relationship to our book or asset values. Such price also is not necessarily the amount you may receive pursuant to your limited right to redeem units, subject to certain requirements. The amount that a redeeming member will receive is the lesser of the purchase price for the redeemed units or the redeeming member's capital account balance as of the date of each redemption payment. The fair market value of your interest in the company will be irrelevant in determining amounts to be paid upon redemption.

Our Managers and Their Affiliates May Purchase Units

Our managers and their affiliates may, in their discretion, purchase units for their own account. The maximum amount of units that may be purchased by our managers or their affiliates is 1,000,000 units ($1,000,000). Upon any such purchases of units, our managers or their affiliates will have the same rights as other members in respect of the units owned by them, including the right to vote on matters subject to the vote of members, subject to certain exceptions.

We May Be Unable to Insure Against Certain Kinds of Losses

We will require comprehensive insurance, including fire and extended coverage, which is customarily obtained for or by a lender, on properties in which we acquire a security interest. Generally, such insurance will be obtained by and at the cost of the borrower. However, there are certain types of losses (generally of a catastrophic nature, such as civil disturbances and acts of God such as earthquakes, floods and slides) which are either uninsurable or not economically insurable. Should such a disaster occur to, or cause the destruction of, any property serving as collateral for a loan, we could lose both our invested capital and anticipated profits from such investment. In addition, on certain real estate owned by us as a result of foreclosure, we may require homeowner's liability insurance. However, insurance may not be available for theft, vandalism, land or mud slides, hazardous substances or earthquakes on all real estate owned and losses may result from destruction or vandalism of the property which would adversely affect our profitability.

Our Anticipated Concentration of Mortgages in the San Francisco Bay Area Exposes Us to Greater Risks of Loss if the Local Economy Weakens

We expect that a significant majority of our loans will be secured by properties located in nine counties that comprise the San Francisco Bay Area (San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa, Marin, Napa, Solano and Sonoma). Our anticipated concentration of loans in the San Francisco Bay Area exposes us to greater risk of loss if the economy in the San Francisco Bay Area weakens than would be the case if our loans were spread throughout California or the nation. The San Francisco Bay Area economy and/or real estate market conditions could be weakened by:

- an extended economic slowdown or recession in the area;
- overbuilding of commercial and residential properties;
- relocation of businesses outside of the area due to economic factors such as high cost of living and of doing business within the region;

- increased interest rates, thereby weakening the general real estate market; and
- reductions in the availability of credit.

If the economy were to weaken, it is possible that there would be more property available for sale, values would fall and lending opportunities would decrease. In addition, a weak economy and increased unemployment could adversely affect borrowers resulting in an increase in the number of loans in default.

As of December 31, 2014, 55% ($10,607,529) of our loans were secured by properties located in the nine counties that comprise the San Francisco Bay Area.

You Will Be Bound by Decision of Majority Vote

Subject to certain limitations, members holding a majority of units may vote to, among other things:

- dissolve and terminate the company;
- amend the operating agreement, subject to certain limitations;
- approve or disapprove the sale of all or substantially all of our assets; and
- remove or replace one or all of our managers or elect additional or new managers.

If you do not vote with the majority in interest of the other members, you nonetheless will be bound by the majority vote. Our managers will have the right to increase this offering or conduct additional offerings of units without obtaining your consent or the consent of any other member.

The Formation Loan May Be Forgiven Under Certain Circumstances

We will loan to Redwood Mortgage Corp., a manager, funds in an amount equal to the sales commissions and amounts payable in connection with unsolicited sales. The formation loan will be an unsecured loan that will not bear interest and will be repaid in annual installments. During the offering period, Redwood Mortgage Corp. will make annual installments of one-tenth of the principal balance of the formation loan as of December 31 of the prior year. Such payment will be due and payable by December 31 of the following year. Prior to the termination of our offering of units, the principal balance of the formation loan will increase as additional sales of units are made each year. Upon completion of the offering, the balance of the formation loan is expected to be repaid in 10 equal annual installments of principal, without interest, commencing on December 31 of the year following the year the offering terminates.

A portion of the amount we receive from redeeming members as early redemption penalties may first be applied to reduce the principal balance of the formation loan. This will have the effect of reducing the amount owed by Redwood Mortgage Corp. to us. If all or any one of the initial managers are removed as a manager by the vote of a majority in interest of the members and a successor or additional manager begins using any other loan brokerage firm for the placement of loans or loan servicing, Redwood Mortgage Corp. will be immediately released from any further payment obligation under the formation loan. If all of the managers are removed, no other managers are elected, the company is liquidated and Redwood Mortgage Corp. is no longer receiving payments for services rendered, we will forgive the debt on the formation loan and Redwood Mortgage Corp. will be immediately released from any further obligations under the formation loan. The non-interest bearing feature of the formation loan will have the effect of slightly diluting your rate of return, but to a much lesser extent than if we were required to bear all of our own syndication expenses out of the offering proceeds.

You Will Have Limited Ability to Liquidate Your Investment Prior to the End of Our Term and May Experience Delays in Receiving Distributions Upon Liquidation

Under our operating agreement, we will continue to operate until October 8, 2028, unless our term is extended by the vote of a majority in interest of the members. We do not currently intend to cease operations prior to the end of our term, nor do we anticipate providing liquidity to our members prior to such time (other than on a limited basis through our unit redemption program). We could be dissolved and terminated earlier by operation of law or upon the occurrence of various events described in our operating agreement. Upon our dissolution, our managers will seek to promptly liquidate our assets for the best price reasonably obtainable, to use any proceeds to satisfy our debts and to distribute any remaining proceeds to our members and managers in accordance with the terms of our operating agreement. Our managers may not be successful in liquidating us regardless of whether it occurs on our anticipated termination date or on an earlier dissolution date. Delays in liquidation could arise due to market conditions and other factors beyond the control of our managers. In the event we are unable to liquidate on or prior to the end of our anticipated term, you and other members may not receive distributions of remaining proceeds, if any, in a timely manner or at all.

Our Managers Have Limited Assets Which May Affect Their Ability to Fulfill Their Obligations to Us

Our managers have limited assets and financial resources. As a result, they may be unable to fulfill their obligations and responsibilities to us. Our managers also serve as the sponsors and managers of other mortgage programs and have legal and financial obligations with respect to these other programs. Additionally, they may have contingent liability for the obligations of such other programs. To the extent that our managers are required to expend a significant portion of their assets and financial resources to satisfy their obligations or liabilities to such other programs or otherwise, their ability to fulfill their financial and other obligations to us may be adversely affected.

Delays in Investment Could Adversely Affect Your Return	A delay will occur between the time you purchase your units and the time the net proceeds of the offering are invested. This delay could adversely affect the return paid to you. In order to mitigate this risk, pending the investment of the proceeds of this offering, funds will be placed in highly liquid, short-term investments designated by our managers. The interest earned on such interim investments is expected to be less than the interest we would earn on loans.
We Cannot Precisely Determine Compensation to be Paid to Our Managers and Their Affiliates	Our managers and their affiliates are unable to predict the amounts of compensation to be paid to them. Any such prediction would necessarily involve assumptions of future events and operating results which cannot be made at this time. As a result, there is a risk that members will not have the opportunity to judge ahead of time whether the compensation realized by our managers is commensurate with the return generated by the loans.
Payment of Fees to Our Managers and Their Affiliates Will Reduce Cash Available for Investment and Distribution	Our managers and their affiliates will perform services for us in connection with the offer and sale of the units, the selection and acquisition of our investments and the administration of our investments. They will be paid substantial fees for these services, which will reduce the amount of cash available for investment in properties or distribution to members.
Working Capital Reserves May Not be Adequate	We intend to maintain working capital reserves to meet our obligations, including our carrying costs and operating expenses. Our managers believe such reserves are reasonably sufficient for our contingencies. If for any reason those reserves are insufficient, we will have to borrow the required funds or liquidate some or all of our loans. In the event our managers deem it necessary to borrow funds, such borrowings may not be on acceptable terms or even available to us. Such a result might require us to liquidate our investments and abandon our activities.
We May be Required to Forego More Favorable Investments to Avoid Regulation Under Investment Company Act of 1940	Our managers intend to conduct our operations so that we will not be subject to regulation under the Investment Company Act of 1940. Among other things, they will monitor the proportions of our funds which are placed in various investments and the form of such investments so that we do not come within the definition of an investment company under such Act. As a result, we may have to forego certain investments which would produce a more favorable return.
Conflicts May Arise as a Result of Our Managers' Legal and Financial Obligations to Other Mortgage Programs	Our managers and their affiliates are currently involved with five mortgage programs with investment objectives similar to ours. They may also organize other mortgage programs in the future with investment objectives similar to ours. Our managers and such affiliates have legal and financial obligations with respect to these other mortgage programs that are similar to their obligations with respect to us. These obligations may at times conflict or require our managers to limit the resources allocated to us and these other programs.

Conflicts May Arise From Our Managers' Allocation of Time Between Us and Other Activities

Our managers and their affiliates have conflicts of interest in allocating the time of their personnel between us and other activities in which they are involved. Redwood Mortgage Corp. also provides loan brokerage services to investors other than us. As a result, there will exist conflicts of interest on the part of our managers between us and the other mortgage programs or investors with which they are affiliated at such time.

The Amount of Loan Brokerage Commissions and Other Compensation of Our Managers May Affect the Rate of Return to You

None of the compensation payable to our managers was determined by arm's-length negotiations. We anticipate that the loan brokerage commissions charged to borrowers by Redwood Mortgage Corp., one of our managers, will average approximately 2%-5% of the principal amount of each loan, but may be higher or lower depending upon market conditions. Any increase in the loan brokerage commission charged on loans may have a direct, adverse effect on the interest rates we charge on loans and thus the overall rate of return to you. This conflict of interest will exist in connection with every loan transaction, and you must rely upon the fiduciary duties of our managers to protect your interests.

If Our Managers Lose or are Unable to Obtain Key Personnel or One or More of Their Key Personnel Decides to Compete With Us, Our Ability to Implement Our Strategic Plans Could be Impaired

We depend on the diligence, experience and skills of certain executive officers and other key personnel of our managers and their affiliates, including Michael R. Burwell, Diana B. Mandarino, Lorene A. Randich, and Thomas R. Burwell, for the selection, acquisition, structuring and monitoring of our lending and investment activities. These individuals are not bound by employment agreements with the managers or with us. If any of our managers' key personnel were to cease their employment with them or their affiliates, our operating results could suffer. One of our managers has obtained life insurance policies on Michael Burwell, one of their key personnel. There is no assurance that such insurance will be sufficient to protect against events that may adversely affect our ability to implement our strategies. We also believe that our future success depends, in large part, upon the ability of our managers or their affiliates to hire and retain highly skilled managerial, operational and marketing personnel. We cannot assure you that they will be successful in attracting and retaining such personnel. The loss of key personnel and the inability of our managers to hire any key person could harm our business, financial condition, cash flow and results of operations.

We Will Rely on Independent Broker-Dealers to Sell Units in the Offering

We are offering the units through selected broker-dealers who are members of FINRA. None of the broker-dealers participating in the offering will be affiliated with our sponsors or our managers. Because we do not have a captive or affiliated broker-dealer that will be exclusively or primarily focused on selling our units, our ability to successfully complete the offering will depend, in large part, on our ability to develop and maintain relationships with a sufficient number of unaffiliated participating broker-dealers. These broker-dealers are engaged in the sale of various securities and investment products beyond those offered by us, including those of competing mortgage programs. In the event we are unable to enter into selling agreements with a sufficient number of qualified participating broker-dealers, or if those participating broker-dealers engaged by us fail to devote sufficient time and attention to the marketing of our units, we may be unable to raise a sufficient amount of funds in the offering as may be necessary to enable us to be successful.

TAX RISKS

Your Ability to Offset Income With Our Losses May be Limited

We are engaged in mortgage lending. We take the position that we are engaged in the active conduct of equity-financed lending. Under the applicable regulations, each member is required to report separately on its income tax return its distributive share of our income as nonpassive income. Each member's distributive share of our losses, if any, will be reported as passive losses. Passive losses may be used to offset passive income. To the extent that passive losses do not offset passive income, they may be carried forward to offset passive income in future years. It is possible, however, that the IRS could assert that our income is properly treated as portfolio income for purposes of those limitations. Such treatment is subject to the interpretation of complex Treasury regulations, and is dependent upon a number of factors, such as whether we are engaged in a trade or business, the extent to which we incur liabilities in connection with our activities, and the proper matching of the allocable expenses incurred in the production of income. There can be no assurance that an IRS challenge to our characterization of our income will not succeed. It also is possible that we might be unable to allocate expenses to the income produced, in which case members might find their ability to offset income with allocable expenses limited by the 2% floor on miscellaneous investment expenses.

Your Tax Liability May Exceed the Cash You Receive

Your tax liabilities associated with an investment in the units for a given year may exceed the amount of cash we distribute to you during such year. As a member, you will be taxed on your allocable share of our taxable income whether or not you actually receive cash distributions from us. Your taxable income could exceed cash distributions you receive, for example, if you elect to reinvest into additional units the cash distributions you would otherwise have received. Taxable income in excess of cash distributions also could result if we were to generate so-called "phantom income" (taxable income without an associated receipt of cash). Phantom income could be recognized from a number of sources, including, without limitation, any established loan loss reserves or fluctuation thereof, repayment of principal on loans incurred by the company as well as imputed income due to original issue discount, market discount, imputed interest and significant modifications to existing loans. Under very limited circumstances, you could receive a special distribution to enable you to pay taxes on specified types of phantom income.

We Expect to Generate Unrelated Business Taxable Income

Tax-exempt investors (such as an employee pension benefit plan or an IRA) may be subject to tax to the extent that income from the units is treated as unrelated business taxable income, or UBTI. We borrow funds on a limited basis, which can cause a portion of our income to be treated as UBTI. We may also receive income from services rendered in connection with making or securing loans, which is likely to constitute UBTI. In addition, although we do not currently intend to own and lease personal property, it is possible we may do so as a result of a foreclosure upon a default. Although we use reasonable efforts to prevent any borrowings and leases of personal property from causing any significant amount of income from the units to be treated as UBTI, we expect that some portion of our income will be UBTI. Prospective investors that are tax-exempt entities are urged to consult their own tax advisors regarding the suitability of an investment in units. In particular, an investment in units may not be suitable for charitable remainder trusts.

Tax Audits Could Result in Adjustments to Your Tax Returns

The IRS and state tax authorities could challenge certain federal and state income tax positions, respectively, taken by us if we are audited. Any adjustment to our return resulting from an audit by a tax authority would result in adjustments to your tax returns and might result in an examination of items in such returns unrelated to your investment in the units or an examination of tax returns for prior or later years. Moreover, we and our members could incur substantial legal and accounting costs in contesting any challenge by a tax authority, regardless of the outcome. Our managers generally will have the authority and power to act for, and bind the company in connection with, any such audit or adjustment for administrative or judicial proceedings in connection therewith.

You May be Subject to State and Local Tax Laws

The state in which you reside may impose an income tax upon your share of our taxable income. Furthermore, states such as California, in which we will own property, generally impose income tax upon a member's share of the company's taxable income considered allocable to such states, whether or not a member resides in that state. As a result, a nonresident member may be required to file a tax return in California and any other such state. Differences may exist between federal income tax laws and state and local income tax laws. We may be required to withhold state taxes from distributions to members in certain instances. You are urged to consult with your own tax advisers with respect to state and local tax consequences of an investment in our units.

The IRS may Argue that Our Allocations to You May Not Have Substantial Economic Effect

For U.S. federal income tax purposes, allocations to you of our items of income, gain, loss, deduction and credit will be governed by our operating agreement if such allocations have "substantial economic effect." The rules for determining whether an allocation has substantial economic effect provide a safe harbor under which allocations generally will be respected. Our operating agreement does not satisfy the requirements for the substantial economic effect safe harbor. However, because our operating agreement generally allocates profits and losses in the same manner as cash distributions are made, we believe these allocations are in accordance with the members' interests in our units and thus should be respected. However, there can be no assurance that the IRS will not challenge the allocations and will not attempt to reallocate profits and losses among the members and/or the managers. Any successful challenge by the IRS to such allocations could have a material adverse effect on your investment in our units.

Changes in Tax Laws Could Have an Adverse Effect on Your Investment

Changes in federal, state or local tax law could have an adverse effect on the rate of return on your investment in our units or on the market value of our assets. You are urged to consult with your own tax advisor with respect to the impact of recent legislation on your investment in units and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our units. You should also note that our counsel's tax opinion assumes that no legislation will be enacted after the date of the prospectus that will be applicable to an investment in our units.

ERISA RISKS

Risks of Investment by Benefit Plan Investors and Other Tax-Exempt Investors

In considering an investment in the units, if you are an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, or ERISA, you should consider, among other things, (i) whether the investment satisfies the diversification requirements of Section 404(a)(1)(C) of ERISA; and (ii) whether the investment is prudent, since there may not be a market created in which you can sell or otherwise dispose of the units. In addition if you are a tax-qualified pension or 401(k) plan or an IRA, you should consider (i) whether a distribution of units from a tax-qualified plan or IRA would be accepted by an IRA custodian as a rollover, and if not, the automatic 20% income tax withholding which the beneficiary may need to satisfy out of other assets that they own; and (ii) whether a required distribution from a tax-qualified plan or IRA commencing on the April 1 following the calendar year in which the beneficiary attains age 70½ or, with respect to a tax-qualified plan distribution, retires, if later, could cause the beneficiary to become subject to income tax that the beneficiary would need to satisfy out of other assets if such beneficiary were not able to transfer the units for cash. Finally, all Benefit Plan Investors, including tax-qualified pension and 401(k) plans and IRAs should consider (i) whether the investment will impair the liquidity of your plan or other entity; and (ii) whether interests in us or the underlying assets owned by us constitute "plan assets" for purposes of Section 406 of ERISA or Section 4975 of the Code which could cause certain transactions with us to constitute non-exempt prohibited transactions. ERISA requires that the assets of a plan be valued at their fair market value as of the close of the plan year, and it may not be possible to adequately value the units from year to year, since there will not be a market for those units and the appreciation of any property may not be shown in the value of the units until we sell or otherwise dispose of our investments.

Item 1B – Unresolved Staff Comments

Because the company is not an accelerated filer, a large accelerated filer or a well-known seasoned issuer, the information required by Item 1B is not applicable.

Item 2 – Properties

As of December 31, 2014 and 2013, the company owned no properties.

Item 3 – Legal Proceedings

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 to protect, or recoup its investment from the real property secured by the deeds of trust and to resolve disputes with borrowers, lenders, lien holders and mechanics. None of these actions typically would be of any material importance. As of the date hereof, the company is not involved in any legal proceedings other than those that would be considered part of the normal course of business.

Item 4 – Mine Safety Disclosures

Not Applicable

Part II

Item 5 – Market for the Registrant’s Units, Related Unitholder Matters and Issuer Purchases of Equity Securities

Market Information

There is no established public trading market for the units, and we do not anticipate that one will develop. There are substantial restrictions on transferability of units and accordingly an investment in the company is non-liquid. Members have no right to withdraw from the company or to obtain the return of their capital account for at least one year from the date of purchase of units. In order to provide a certain degree of liquidity, we have adopted a unit redemption program, whereby after the one year period, a member may redeem all or part of their units, subject to certain limitations summarized under “Unit Redemption Program” below.

Use of Public Offerings Proceeds

On November 18, 2008 and June 7, 2012, the company filed Registration Statements on Form S-11 with the Securities and Exchange Commission (SEC File Nos. 333-155428 and 333-181953) to offer up to 150,000,000 units ($150,000,000) of its membership interests to the public in its primary offering and 37,500,000 units ($37,500,000) to its members pursuant to its distribution reinvestment plan. The 2012 filing was required under applicable SEC rules to enable us to continue to sell units in the offering. The offering is ongoing and will terminate on December 4, 2015, unless prior to such date, we file a new registration statement in which event the offering will continue until the earlier of the effective date of the new registration statement or 180 days after December 4, 2015 (which is June 1, 2016). If a new registration statement is declared effective, the offering will thereafter continue pursuant to such new registration statement.

As of December 31, 2014, we had sold 23,204,927 units in the offering, for gross offering proceeds of $23,204,927 (including units issued under our distribution reinvestment plan). The outstanding units are held by approximately 470 members.

From the total subscription proceeds of $22,433,798, syndication costs (the organizational and offering costs, other than certain sales commissions, including legal and accounting expenses, printing costs, selling expenses, and filing fees) of approximately $953,000 have been billed to date. Syndication costs are charged against members’ capital, and will be allocated to individual members consistent with the company’s operating agreement.

Sales commissions are not paid directly by the company out of offering proceeds. Instead, the company loans to RMC amounts to pay all sales commissions and amounts payable in connection with unsolicited orders. This loan is unsecured, and non-interest bearing and is referred to as the “formation loan.” As of December 31, 2014 the company had made formation loans of $1,578,416, of which $1,255,600 remain to be collected. The formation loan has been deducted from members’ capital on the balance sheet. As amounts are received from RMC as payments on the loan, the deduction from capital will be reduced.

Distribution Policy

We intend to distribute, on a monthly basis, cash available for distribution to our members, other than those participating in our distribution reinvestment plan. However, there is no assurance as to the timing or amount of any such distributions.

All cash available for distribution will be allocated 1% to our managers and 99% to the members. Amounts distributed to the members will be allocated among the members in proportion to their units.

To determine the amount of cash to be distributed in any specific month, the company relies in part on its annual forecast of profits, which takes into account the difference between the forecasted and actual results in the prior year and the requirement to maintain a cash reserve.

During 2014 and 2013 the company’s distributed annualized yield was 6.50%. The company’s cash distributions to members (excluding redemptions) during 2014 and 2013 were $1,311,718 and $1,076,395, respectively.

In 2014 and 2013, we did not generate enough cash flow from operating activities to fully fund distributions. In years when cash flow generated from operating activities was not sufficient to fully fund distributions, the distributions in excess of the company's cash flow from operating activities were funded from cash on hand, which can include proceeds from offerings, loan repayments from borrowers, and borrowings, if any.

The difference between net income and cash distributions was due to the managers' projections of net income using several variables which included but were not limited to, an average rate of return for the loan portfolio, turnover rate of the loan portfolio, the availability of quality loans for investment, the increase in member units, and the leverage obtained by holding costs steady while assets increase. Provided the company continues to increase the amount of members' units and becomes and remains fully invested in quality mortgage loans, this difference should diminish until eliminated (see "Performance Highlights").

Recent Sales of Unregistered Securities

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

Unit Redemption Program

We have adopted a unit redemption program that may enable a member to redeem all or part of their units, subject to certain limitations. The price paid for redeemed units will be 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 will be calculated as follows:

- For redemptions beginning after one year (but before two years) 92% of purchase price or 92% of the capital account balance, whichever is less;
- For redemptions beginning after two years (but before three years) 94% of purchase price or 94% of the capital account balance, whichever is less;
- For redemptions beginning after three years (but before four years) 96% of purchase price or 96% of the capital account balance, whichever is less;
- For redemptions beginning after four years (but before five years) 98% of purchase price or 98% of the capital account balance, whichever is less;
- For redemptions beginning after five years, 100% of purchase price or 100% of the capital account balance, whichever is less.

The company will attempt to redeem units quarterly, subject to certain limitations, and subject to the right of our managers, in their sole discretion, at any time, to reject any request for redemption, or to suspend or terminate the acceptance of new redemption requests without prior notice, or to terminate, suspend or amend the unit redemption program upon 30-day notice.

Notwithstanding the foregoing, with respect to any redemption, the number of units that may be redeemed per quarter per individual member will be subject to a maximum of the greater of 100,000 units or 25% of the member's units outstanding. For redemption requests requiring more than one quarter to fully redeem, the percentage discount amount that applies when the redemption payments begin will continue to apply throughout the entire redemption period and will apply to all units covered by such redemption request regardless of when the final redemption payment is made.

The company will not establish a reserve from which to fund redemptions. The company's capacity to redeem member units upon request is restricted to the availability of company cash flow. The company will not, in any calendar year, redeem more than 5% of the weighted average number of units outstanding during the twelve-month period immediately prior to the date of the redemption.

During the year ended December 31, 2014, requests to redeem 778,735 units were received, of which 548,317 units were redeemed per the limitations set forth above. During the year ended December 31, 2013, requests to redeem 58,190 units were received, of which 58,190 were redeemed per the limitations set forth above. The remaining portion of these redemptions will be made in subsequent quarters. Redemptions due to members' deaths were 300,000 units and 21,154 units during 2014 and 2013, respectively.

Item 6 – Selected Financial Data (Not included as smaller reporting company)

Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the audited financial statements and notes thereto, which are included in Part II, Item 8 of this Report.

Managers and Other Related Parties

See Notes 1 (Organization and General) and 3 (Managers and Other Related Parties) to the financial statements included in Part II, Item 8 of this Report for a detailed presentation of the company activities for which related parties are compensated and related transactions, including the formation loan to RMC, which presentation is incorporated by this reference into this Item 7.

Critical Accounting Policies

See Note 2 (Summary of Significant Accounting Policies) to the financial statements included in Part I, Item 1 of this report for a detailed presentation of critical accounting policies, which presentation is incorporated by this reference into this Item 2.

Results of Operations

General Economic Conditions

As noted in the "California Economic Outlook: February 2015" published by Wells Fargo's Economics Group:

"California's economy continues to power forward, with many of the Golden State's largest and most important industries gaining momentum over the course of 2014. High-tech employers have shown no sign of slowing their hiring. Employment in professional, scientific and technical services, the industry with the largest number of tech-related workers, grew 4.3 percent in 2014. San Francisco, San Jose and San Diego are all benefitting from the strong growth in this major industry group. Health services are also expanding rapidly and appear to have adjusted to the rollout of the Affordable Care Act with only minimal disruption. Construction has picked up to keep pace with the rapidly expanding economy and demand for apartments, warehouse and office is rising solidly. Home sales remain sluggish but the trend seems to be somewhat more positive than what we have seen nationwide. Home price appreciation continues to run ahead of the national average, reflecting both stronger economic gains and a scarcity of developable land."

"The office market in the state continues to flourish. Employment in the construction industry in nonresidential buildings is up a whopping 9.6 percent from a year ago."

"The multifamily sector continues to strengthen, which comes somewhat in contrast to the slowdown we have seen nationwide. The apartment market is exceptionally strong in the Bay Area and San Diego. Vacancy rates in San Jose, San Diego, Los Angeles and San Francisco are all below the national average, which is encouraging more growth in those markets."

"CONCLUSION & OUTLOOK – California's economy will continue to outperform the national average. The surge in technology-related industries has had huge spillover effects in the Bay Area and San Diego, with construction projects cropping up to meet rising demand. The state has proved to be much more than one-trick pony, however, with gains seen in most industries. Life and health sciences also appear to be strengthening, while transportation & warehousing continue to pick up. The housing market continues to show improvement and rising home prices should help boost consumption in a state where numerous homeowners had sizable wealth declines during the housing bust. The state faces its fair share of challenges, but by most measures, they appear to be abating. Drought has plagued the state's famers and although water levels remain below normal, they have improved relative to a year ago. Furthermore, the port dispute has now been resolved, with workers rapidly removing the backlog of goods, which should provide a boost to the Inland Empire. The longer-run prospects for the state are favorable, as California is home to some to the most highly-skilled workers in the world, a key driver of growth that is unlikely to change any time soon. Despite the high-cost environment, more people move into the state than move out of it, further reflecting the robust labor market and the abundance of high-paying jobs."

As noted in the prior report "California Economic Outlook: November 2014" published by Wells Fargo's Economics Group:

"Real GDP growth in the Golden State outpaced the nation in each of the past three years. Although employment gains have moderated somewhat in 2014, overall job growth is poised to outpace the nation once again, suggesting that real GDP growth also outpace the nation in 2014. Much of the state's strongest gains continue to be concentrated in San Jose and San Francisco, although other metro areas such as San Diego and Fresno have also seen conditions improve considerably over the past year. Growth in the tech sector is spilling over into other parts of the economy and construction activity has ramped up to meet the growing needs of the state's expanding population base and recovering economy. Home prices have rebounded across the state and incomes are rising at the strongest pace since the recovery."

"California continues to attract a great deal of business investment, particularly in the information technology, life sciences and entertainment industries. Tourism has also improved, with international and domestic visitor counts rising."

In the publication "California Employment Conditions: January 2015" the Wells Fargo Economics Group notes:

"California is the largest state in the nation by population and has a remarkably diverse economy, which contributes to a wide range of employment growth rates across regions. The strongest employment gains in 2014 tended to be concentrated in the larger metro areas, with Los Angeles coming in slightly below average, on a percentage basis. San Jose, San Francisco, and San Diego all grew faster than the state and national averages, with the Inland Empire essentially tracking the average. High-tech employment continues to lead hiring across the state, with some of the largest gains predictably seen in the Bay Area."

Performance Highlights

Since the inception of operations in the 4th quarter of 2009, the company has raised member capital at a moderate, steady pace. Members' capital at December 31, 2014, was approximately $19,522,000, an increase of $3,879,000 since December 31, 2013 ($2,006,000 for 2013 to 2012). Our investment in mortgage loans is increasing steadily since commencement of operations. Mortgage loan balances grew to approximately $19,186,000 at December 31, 2014, an increase of $4,488,000 since 2013 ($2,807,000 for 2013 to 2012).

Net income for 2014 increased by approximately $209,000 over 2013. Revenue from the collection of interest on loans, net for 2014 increased by approximately $299,000 over 2013 due to the growth of the secured loan portfolio. Operating expenses for 2014 increased by approximately $93,000 over 2013 due to the growth of the secured loan portfolio, increase in members' capital, and changes in amounts charged by and reimbursements received from managers. Mortgage servicing fees for 2014 increased by approximately $9,000 over 2013; asset management fees increased by approximately $37,000 over 2013; and professional services for 2014 increased by approximately $77,000 over 2013. Prior to 2014, the managers, at their sole discretion, had absorbed the company's professional services fees and had waived a portion of the company's asset management fees collectable by the managers. These increases were offset in part by a reduction in the operating costs charged by the manager.

To date, our lending underwriting has resulted in a low delinquency rate. The tight market for mortgage credit among traditional lenders such as banks and the improving economy and real estate markets in areas in which we concentrate our lending has increased the number of borrowers who meet our underwriting standards. These borrowers have been willing to accept our rates and fees. This is reflected in the favorable stated and effective yields on the portfolio discussed below in the section Revenue – Interest on loans.

RMI IX was launched during the Great Recession and with that backdrop in mind we have sought to exercise strong discipline in underwriting loan applications and lending against collateral at amounts that will create a mortgage portfolio that has substantial protective equity (i.e. safety margins to outstanding debt) as indicated by the overall conservative loan to value ratio (LTV) which at December 2014 was 54%. Thus per the appraisal-based valuations at the time of loan inception, borrowers have in the aggregate, equity of 46% in the property, and we as lenders have lent in the aggregate, 54% (including other senior liens on the property) against the properties we hold as collateral for the repayment of our loans. See Note 4 (Loans) to the financial statements included in Part II, Item 8 of this report for a presentation regarding our portfolio's LTV at loan closing.

The company continues to conservatively underwrite mortgage loan opportunities with the goal of building a mortgage loan portfolio consistent with the company's primary objectives to make investments which will yield a high rate of return from mortgage lending, preserve and protect our capital, and generate and distribute cash flow, with the expectation of consistent, on-time mortgage payments.

Key Performance Indicators

Key Performance Indicators are presented in the following table for 2014, 2013 and 2012.

	2014	2013	2012
Secured loans – end of period	$ 19,185,660	$ 14,698,430	$ 11,891,017
Secured loans – average daily balance	$ 16,548,000	$ 12,648,000	$ 8,708,000
Members' capital, gross – end of period	$ 21,720,875	$ 17,362,065	$ 15,233,141
Members' capital, gross – average balance	$ 19,537,000	$ 16,176,000	$ 13,077,000
Interest on loans, gross	$ 1,474,888	$ 1,208,186	$ 813,461
Percent(1)	8.91%	9.55%	9.34%
Percent(2)(3)	7.47%	7.39%	6.16%
Amortization of loan administration fees	$ 111,371	$ 143,605	$ 67,722
Percent(1)	0.67%	1.14%	0.78%
Percent(2)(3)	0.56%	0.88%	0.51%
Interest on loans, net	$ 1,363,517	$ 1,064,581	$ 745,739
Percent(1)	8.24%	8.42%	8.56%
Percent(2)(3)	6.91%	6.52%	5.65%
Provision for loan losses	$ —	$ —	$ —
Percent(1)	—%	—%	—%
Total operating expenses	$ 280,368	$ 187,139	$ 124,931
Percent(1)	1.69%	1.48%	1.43%
Percent(2)(3)	1.42%	1.15%	0.95%
Net income	$ 1,093,723	$ 884,623	$ 626,617
Percent(1)	6.61%	7.00%	7.20%
Percent(2)(3)	5.54%	5.41%	4.74%
Member Distributions	$ 1,311,718	$ 1,076,395	$ 854,800
Percent(1)	7.93%	8.51%	9.82%
Percent(4)	6.50%	6.50%	6.50%
Member Redemptions	$ 548,317	$ 58,190	$ —

(1) Percent of secured loans – average daily balance, annualized
(2) Percent of members' capital, gross – average balance, annualized
(3) Percent based on the net income available to members (excluding 1% of profits and losses allocated to managers)
(4) Percent credited to and distributed from members' capital accounts on members' statements

Loans – End-of-Period Balance

The 2014 end-of-period secured loan balance of $19,185,660 was an increase of approximately 31% ($4.5 million) over 2013's $14,698,430, which was up approximately 24% ($2.8 million) from 2012's $11,891,017. The increases in the balance of the secured loan portfolio are due to increased members' capital available for lending and increased investment in California real estate markets, which expands the market for new loans. Secured loans as a percent of members' capital (based on average daily balances) were 85%, 79%, and 67% for 2014, 2013, and 2012, respectively.

Loan funding in 2014 was $14,001,250, down 10% ($1.5 million) from 2013's $15,542,476, which was up 45% ($4.8 million) from 2012's $10,711,463 (See "Liquidity and Capital Resources"). The increase in loan funding from 2012 to 2014 is due to the increase in members' capital available to fund loans.

Principal and advances collected in 2014 were $9,514,020, down 25% ($3.2 million) from 2013's $12,735,063, which was up 80% ($5.6 million) over 2012's $7,073,774 (See "Liquidity and Capital Resources").

- *Interest on Loans - Gross*

Gross interest income in 2014 was $1,474,888, up 22% ($267,000) from 2013's $1,208,186, which was up 49% ($395,000) from 2012's $813,461. The increases in gross income interest for the period 2012 through 2014 are due principally to increases in the balance of the secured loan portfolio and secured loan portfolio's strong payment history to date, which has resulted in no loans being designated non-accrual.

- *Interest on Formation Loan / Imputed Interest*

Imputed interest on formation loan in 2014 was $25,958, up approximately 2% ($386) from 2013's $25,572, which was up approximately 26% ($5,253) from 2012's $20,319.

- *Provision for Loan Losses*

Provision for loan losses were $0 for 2014, 2013, and 2012. At December 31, 2014, 2013, and 2012, the company had not recorded a provision for loan losses as no loans were designated as impaired, and all loans had protective equity such that at December 31, 2014, 2013, and 2012, collection was deemed probable for amounts owing (See "Provision for loan losses/allowance for loan losses" and Note 4 "Loans – Delinquency").

Total Operating Expenses

Total operating expenses for 2014 were $280,368, up approximately 50% ($93,000) from 2013's $187,139, which was up approximately 50% ($62,000) from 2012's $124,931. The increase in total operating expenses is due to growth in the average balance of the secured loan portfolio and the associated increase in mortgage servicing fees, asset management fees, and professional fees.

Mortgage servicing fees for 2014 were $40,762, up approximately 29% ($9,000) from 2013's $31,590, which was an increase of approximately 47% ($10,000) over 2012's $21,537. Asset management fees for 2014 were $37,454. Asset management fees were waived in full for 2013 and 2012. Professional services for 2014 were $99,449, up approximately 350% ($77,000) from 2013's $22,237, which was up approximately 47% ($7,000) from 2012's $15,144 (See "Operating Results").

Members' Capital – End-of-Period Capital Balance

The end-of-period gross members' capital balance for 2014 was $21,720,875, up 25% ($4.4 million) from 2013's $17,362,065, which was up 14% ($2.1 million) from the 2012's $15,233,141.

- *Member Contributions*

Member contributions to capital in 2014 were $5,240,745, up 170% ($3.3 million) from 2013's $1,943,264, which was down 48% ($1.8 million) from 2012's $3,770,074 (See "Cash Receipts and Disbursement").

- *Member Distributions*

Member distributions for 2014 were $1,311,718, up 22% ($235,000) from 2013's $1,076,395, which was up 26% ($222,000) from 2012's $854,800.

The year-over-year increases in member distributions for the period 2012 through 2014 were due to the increases in members' capital balance over that same period.

- *Member Redemptions*

Member redemptions, including redemptions due to members' deaths, for 2014 were $548,317, up 842% ($490,000) from 2013's $58,190, which was up from 2012's $0. Redemptions due to members' deaths for 2014 were 300,000 units, up from 21,154 units redeemed due to members' deaths in 2013.

Analysis and discussion of income/(loss) from operations

The company's operating results are discussed below for the years ended December 31, 2014, 2013, and 2012.

	2014	2013	2012
Revenue, net			
Interest income			
Loans	$ 1,363,517	$ 1,064,581	$ 745,739
Imputed interest on formation loan	25,958	25,572	20,319
Total interest income	1,389,475	1,090,153	766,058
Interest expense, amortization of discount on formation loan	25,958	25,572	20,319
Net interest income	1,363,517	1,064,581	745,739
Late fees	10,424	7,031	5,409
Other	150	150	400
Total revenues, net	1,374,091	1,071,762	751,548
Provision for loan losses	—	—	—
Operating expenses			
Mortgage servicing fees	40,762	31,590	21,357
Asset management fees	37,454	—	—
Costs through RMC	79,403	119,136	74,464
Professional services	99,449	22,237	15,144
Other	23,300	14,176	13,966
Total operating expenses	280,368	187,139	124,931
Net income	$ 1,093,723	$ 884,623	$ 626,617

Please refer to the above table and the Statements of Income in the financial statements in Part II, Item 8 of this report, throughout the discussions of Results of Operations.

At December 31, 2014, the Secured loans – average daily balance for the year ended increased approximately $3,900,000, or approximately 31% over average daily balance for the year ended December 31, 2013. Interest on loans, net increased $299,000 (28%) and Net Income increased $209,000 (24%), as the company's increasing interest income from its increasing loan balances was offset in part by a reduced level of expense support from RMC (At its sole discretion, RMC may incur expenses otherwise to be incurred by the company or may waive fees and reimbursements from the company to which RMC is entitled). Operating expenses as a percent of interest on loans, net was 21%, 18% and 17% in 2014, 2013 and 2012, respectively. As loan balances continue to increase, operating expenses as a percent of interest on loans, net will likewise decline (even with reduced levels of expense support from RMC).

At December 31, 2013, the Secured loans – average daily balance for the year ended increased approximately $3,940,000, or approximately 45% over average daily balance for the year ended December 31, 2012. Interest on loans, net increased $319,000 (43%) and Net Income increased $258,000 (41%) as the company's increasing interest income from its increasing loan balances was offset in part by a reduced level of expense support from RMC. (At its sole discretion, RMC may incur expenses otherwise to be incurred by the company or may waive fees and reimbursements from the company to which RMC is entitled).

Significant changes to income or expense areas for the year ended December 31, 2014 compared to the same period in 2013 are summarized in the following table.

	Interest Income Loans	Other Income	Operating Expenses	Net Income
Year ended December 2014	$ 1,363,517	$ 10,574	$ 280,368	$ 1,093,723
Year ended December 2013	1,064,581	7,181	187,139	884,623
Change	298,936	3,393	93,229	209,100
Percent Change from Previous Year(1)	28%	47%	50%	24%
Explanation of change				
Loan Balance Increase	370,456	—	9,172	361,284
Loan Portfolio Effective Yield Rate	(67,034)	—	—	(67,034)
Late Fees	—	3,393	—	3,393
Asset Management Fee Rate	—	—	37,454	(37,454)
Cost Allocation Adjustments	—	—	(39,733)	39,733
Professional Fees	—	—	77,212	(77,212)
Income Tax Payments	—	—	7,000	(7,000)
Other	(4,486)	—	2,124	(6,610)
Change	$ 298,936	$ 3,393	$ 93,229	$ 209,100

(1) The percent change based on a year-by-year comparison

Significant changes to income or expense areas for the year ended December 31, 2013 compared to the same period in 2012 are summarized in the following table.

	Interest Income Loans	Other Income	Operating Expenses	Net Income
Year ended December 2013	$ 1,064,581	$ 7,181	$ 187,139	$ 884,623
Year ended December 2012	745,739	5,809	124,931	626,617
Change	318,842	1,372	62,208	258,006
Percent Change from Previous Year(1)	43%	24%	50%	41%
Explanation of change				
Loan Balance Increase	366,420	—	10,233	356,187
Loan Portfolio Effective Yield Rate	17,416	—	—	17,416
Late Fees	—	1,622	—	1,622
Cost Allocation Adjustments	—	—	44,672	(44,672)
Professional Fees	—	—	7,093	(7,093)
Other	(64,994)	(250)	210	(65,454)
Change	$ 318,842	$ 1,372	$ 62,208	$ 258,006

(1) The percent change based on a year-by-year comparison

Revenue – Interest on loans

In 2014 interest on loans increased due to growth of the secured loan portfolio. The decrease in average yield rates is due to the increased volume of loans made at competitive market rates.

In 2013 interest on loans increased due to growth of the secured loan portfolio, offset in part by a significant volume (by value) of early payoffs by borrowers that resulted in an acceleration of the amortization of the loan administration fees and a high turnover rate for the secured loan portfolio. The volume of early payoffs was due in large part to rehabilitation loans with terms of one-year or less purchased from a third party. The last of these loans paid off in 2014.

The average secured loan balance, the stated portfolio average yield and the effective average yield rate for 2014, 2013 and 2012, are shown in the table below.

	2014	2013	2012
Secured loans – end of period	$ 19,185,660	$ 14,698,430	$ 11,891,017
Secured loans – average daily balance(1)	$ 16,548,000	$ 12,648,000	$ 8,708,000
Interest on loans, gross	1,474,888	1,208,186	813,461
Amortization loan administration fees	111,371	143,605	67,722
Interest on loans, net	1,363,517	1,064,581	745,739
Portfolio Average Yield Rate	9.0%	9.5%	9.3%
Effective Average Yield Rate	8.9%	9.5%	9.3%

(1) Portfolio Review – See Note 4 (Loans) to the financial statements included in Part II, Item 8 of this report for a detailed presentation on the secured loan portfolio.

The end-of-period secured loans balance increased approximately $4,500,000 for 2014 compared to 2013 ($2,800,000 for 2013 to 2012). The Members' Capital balance increased approximately $4,400,000 for 2014 compared to 2013 ($2,100,000 for 2013 to 2012), which enabled the increase in secured loans balances. The average yield rate of the portfolio decreased 0.5% for 2014 compared to 2013 (increased 0.2% for 2013 to 2012) as the company funded longer term, lower interest rate loans. The longer term and lower interest rates resulted from exiting a program in which RMC arranged for the purchase of loans from an unaffiliated lender who was the servicer of the loans. These loans generally were secured by first deeds of trust on single-family real property located in California, were short term (5-11 months) and carried a note rate of 9% to 11%.

Imputed interest on formation loan/interest expense – amortization of discount

RMC repaid $97,260 ($8,366 of which was paid subsequent to December 31, 2014) and $93,141 of the formation loan in 2014 and 2013, respectively, based upon each of the prior year-end loan balances. Imputed interest income and the related amortization of discount were recorded based upon the repayment received and the increasing loan balance due to member units sold.

Provision for loan losses/allowance for loan losses

At December 31, 2014 and 2013, the company had not recorded an allowance for loan losses as no loans were designated as impaired, and all loans had protective equity such that at December 31, 2014 and 2013, collection was deemed probable for amounts owing.

Operating Expenses

Operating expenses as a percent of "Total revenues, net" for the years 2014 and 2013 were 20% and 17%, respectively.

– Mortgage servicing fees

The increase in mortgage servicing fees for 2014 and 2013 of $9,172 and $10,233, respectively, is consistent with the increases in the average daily secured loan portfolio of $3,900,000 and $3,940,000 for 2014 and 2013, respectively, noted above in Revenue – Interest on loans, at the annual rate of 0.25%.

– Asset management fees

RMC at its sole discretion, waived asset management fees during 2014 and 2013, of $113,115 and $124,100, respectively. There is no assurance RMC will waive its right to receive such fees in future periods.

– Costs through RMC

The decrease in costs reimbursed to RMC in 2014 was primarily due to a revision in the managers expense allocation of qualifying charges (includes but is not limited to, salaries, compensation, travel expenses, fringe benefits, rent, insurance, depreciation and outside services), done in accordance with the operating agreement, as well as certain costs being absorbed by the managers, which it may do from time to time in its sole discretion.

The increase in costs from RMC in 2013 was due to reimbursement of qualifying charges (includes but is not limited to, salaries, compensation, travel expenses, fringe benefits, rent, insurance, depreciation and outside services), permitted in the company's operating agreement, some of which RMC chose not to request reimbursement for in 2012, which it may do from time to time in its sole discretion.

– Professional services

Professional fees consists primarily of legal, audit, and tax expenses, which prior to 2014 had been paid by RMC at its sole discretion, and for which reimbursement could have been requested.

The increase in professional services for 2013 was primarily due to legal fees related to periodic SEC filings, which, prior to April 2013, had been paid by RMC at its sole discretion, and for which reimbursement could have been requested.

– Other Fees

Other fees consists primarily of state tax expenses, which increased by $7,000 for the year ended December 31, 2014 due to the increase in revenue during 2013 of 43%. The company is currently in the second-highest tax bracket of the LLC fee structure.

Summary Comparison – Quarter over quarter

Significant changes to income or expense items for the three-month period ended December 31, 2014 compared to the three-month period ended September 30, 2014 is summarized in the following table.

	Interest Income Loans	Other Income	Operating Expenses	Net Income
Three months December 2014	$ 374,061	$ 2,933	$ 13,916	$ 363,078
Three months September 2014	341,278	3,314	77,741	266,851
Change	32,783	(381)	(63,825)	96,227
Percent Change from Previous Quarter	10%	(11)%	(82)%	36%
Explanation of change				
Loan Balance Increase	19,813	—	—	19,813
Loan Portfolio Effective Yield Rate	8,563	—	—	8,563
Audit and Other Costs Reimbursed by Manager	—	—	(77,347)	77,347
Other	4,407	(381)	13,522	(9,496)
Change	$ 32,783	$ (381)	$ (63,825)	$ 96,227

Significant changes to interest on loans for the three month period ended December 31, 2014 compared to the three-month period ended September 30, 2014 is summarized in the following table.

	Three months ended	
	December 31,	September 30,
Secured loans – end of period	$ 19,185,660	$ 17,641,037
Secured loans – average daily balance	$ 18,052,585	$ 17,125,667
Interest on loans, gross	404,805	366,153
Amortization of loan administration fees	30,744	24,875
Interest on loans, net	374,061	341,278
Portfolio Average Interest Rate(1)	8.75%	8.83%
Effective Average Yield Rate(2)	8.97%	8.55%

(1) Weighted daily average of loans stated note interest rate and principal balance for the entire loan portfolio.
(2) Annualized yield rate of interest on loans, gross and daily average secured loan balance.

Loans/Allowance for Loan Losses

See Note 4 (Loans) to the financial statements included in Part II, Item 8 of this report for detailed presentations on the secured loan portfolio and on the allowance for loan losses, which presentations are incorporated by this reference into this Item 7.

Liquidity and Capital Resources

The company relies upon sales of units, loan payoffs, borrowers' monthly principal and interest payments, and, to a lesser degree and, if obtained, a line of credit for the source of funds for loans. We expect cash generated from borrower payments of principal and interest as well as loan payoffs will exceed operating expenses, earnings distributed to members and unit redemptions. Excess cash flow, if any, will be invested in new loan opportunities.

Generally, within a broad range, the company's rates on mortgage loans is not affected by market movements in interest rates. If, as expected, we make primarily fixed rate loans, and interest rates were to rise, a possible result would be a slower prepayment rate for the company's loans. This increase in the duration of the time loans are on the books may reduce overall liquidity, which itself may reduce the company's investment into loans at higher interest rates. Conversely, if interest rates were to decline, we could see a significant increase in borrower prepayments. If we then obtain new loans at lower rates of interest it would possibly result in lower yield to members.

The company's loans generally have shorter maturity terms than typical mortgages. As a result, constraints on the ability of our borrowers to refinance their loans at maturity possibly would have a negative impact on their ability to repay their loans. In the event a borrower is unable to repay at maturity, the company may consider extending the term through a loan modification or foreclosing on the property. As a reduction in loan repayments would reduce the company's cash flows and restrict the company's ability to invest in new loans and/or, if ongoing for an extended period, provide earnings distributions and redemptions of members' capital.

The company will experience a relative increase in liquidity if and when additional subscriptions for units are received and a relative decrease in liquidity as net offering proceeds are expended in connection with the funding and acquisition of loans and the payment or reimbursement of organization and offering expenses.

Contractual Obligations

At December 31, 2014 the company had no contractual obligations, except to reimburse RMC for syndication costs. As of December 31, 2014, approximately $2,111,000 was to be reimbursed to RMC contingent upon future sales of member units. See Note 3 (Managers and Other Related Parties-Syndication Costs) and Note 5 (Commitments and Contingencies, Other Than Loan Commitments and Syndication Costs) to the financial statements included in Part II, Item 8 of this report for a detailed presentation on commitments and contingencies, which presentation is incorporated by this reference into this Item 7.

Cash Receipts and Disbursement

Cash receipts and disbursements by business activity are presented in the following table.

	2014	2013	2012
Members' capital			
Receipts - Contributions	$ 5,240,744	$ 1,943,264	$ 3,770,074
Disbursement			
Distributions, net	(1,155,400)	(606,891)	(478,169)
Syndication costs, net	(200,047)	(83,664)	(167,534)
Formation loan, net	(284,833)	(41,755)	(190,191)
	(1,640,280)	(732,310)	(835,894)
Cash – Members' capital, net	3,600,464	1,210,954	2,934,180
Loan principal/advances/interest			
Receipts			
Principal & advances collected	9,514,020	12,735,063	7,073,774
Interest received, net	1,305,420	1,020,203	680,514
Other loan income	10,574	7,181	5,809
	10,830,014	13,762,447	7,760,097
Disbursements			
Loan funding	(14,001,250)	(15,542,476)	(10,711,463)
Advances made	(11,268)	939	(1,909)
	(14,012,518)	(15,541,537)	(10,713,372)
Cash – loans, net	(3,182,504)	(1,779,090)	(2,953,275)
Operating expenses	(330,276)	(219,770)	(115,697)
Net change in cash	$ 87,684	$ (787,906)	$ (134,792)

Distribution reinvestment plan

We have adopted a distribution reinvestment plan pursuant to which members may elect to have a portion or all of the full amount of their distributions from us reinvested in additional units. Earnings allocable to members who participate in the distribution reinvestment plan will be retained by the company for making further loans or for other proper company purposes.

We allow members to redeem their units subject to certain limitations and penalties. Once a member's initial five-year holding period has passed, the managers expect to see an increase in redemptions due to the ability of members to redeem units without penalty.

The company allocates its profits, after syndication costs, to member distributions. The table below shows distributions reinvested by members under the distribution reinvestment plan, cash distributions to members, the total distributions to members, and the percent of members' capital electing cash distribution for 2014, 2013, and 2012.

	2014	2013	2012
Reinvesting	$ 713,481	$ 533,960	$ 381,811
Distributing	598,237	542,435	472,989
Total	$ 1,311,718	$ 1,076,395	$ 854,800
Percent of members' capital, electing distribution	46%	50%	55%

Net Income/Member Distributions

The company's distributed annualized yield was 6.50% during 2014 and 2013. The company's cash distributions for members (excluding redemptions) during 2014 and 2013 were $1,311,718 and $1,076,395, respectively. To determine the amount of cash to be distributed in any specific month, the company relies in part on its annual forecast of profits, which takes into account the difference between the forecasted and actual results in the prior year and the requirement to maintain a cash reserve.

In calendar quarters in which we did not generate cash flow from operating activities sufficient to fully fund distributions, distributions in excess of our cash flow from operating activities were funded from cash on hand, which includes proceeds from offerings and loan payments from borrowers.

Net income recorded during 2014 and 2013 for members was $1,082,786 and $875,777, respectively. The difference between net income and cash distributions was due to the managers' projections of net income using several variables which included but were not limited to an average rate of return for the loan portfolio, turnover rate of the loan portfolio, and the availability of quality loans for investment. Provided the company becomes and remains fully invested in quality mortgage loans, this difference should diminish until eliminated.

Unit redemption program

Members have no right to withdraw from the company or to obtain the return of their capital account for at least one year from the date of purchase of units, with the limited exception in the event of a death of a member. In order to provide our members with a certain degree of liquidity, we have adopted a unit redemption program. Generally, one year after purchasing your units, a member may redeem all or part of its units, subject to certain significant restrictions and limitations. At that time, we may, subject to the significant restrictions and limitations described below, redeem the units presented for redemption to the extent that we have sufficient cash flow available to us to fund such redemption. The price paid for redeemed units will be 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. For redemptions beginning after one year (but before two years), the redemptions will be calculated as 92% of purchase price or 92% of the capital account balance, whichever is less. Beginning after each of the subsequent years, the redemption percentages will increase to 94%, 96%, 98% and 100%, respectively, of the purchase price or capital account balance, whichever is less. Notwithstanding the foregoing, with respect to any redemption, the number of units that may be redeemed per quarter per individual member will be subject to a maximum of the greater of 100,000 units or 25% of the member's units outstanding. For redemption requests requiring more than one quarter to fully redeem, the percentage discount amount that applies when the redemption payments begin will continue to apply throughout the entire redemption period and will apply to all units covered by such redemption request regardless of when the final redemption payment is made. Under our unit redemption program, in the event of an investor's death, his or her heirs are provided with an option to redeem all or a portion of the investor's units without penalty, regardless of the time elapsed since the date of purchase.

The table below sets forth the company's capital redemptions for 2014, 2013, and 2012.

	2014	2013	2012
Capital redemptions-without penalty	$ 446,169	$ 42,140	$ —
Capital redemptions-subject to penalty	102,148	16,050	—
Total	$ 548,317	$ 58,190	$ —

While the managers have set an estimated value for the units, such determination may not be representative of the ultimate price realized by a member for such units upon sale. No public trading market exists for the units and none is likely to develop. Thus, there is no certainty the units can be sold at a price equal to the stated value of the capital account.

Net cash provided by (used in) operating activities, net income, and distributions to members, from inception to December 31, 2014, are summarized in the following table.

Quarters ending by Year	Net Cash Provided by (Used In) Operating Activities	Net Income	Distributions To Members[1]	Distributions To Managers	Percent of Distributions Paid From Net Cash Provided by (Used In) Operating Activities	Percent of Net Income Covering Total Distributions
2009 - 2011	$ 603,570	$ 97,691	$ 818,679	$ 1,797	74%	85%
2012						
Mar. 31	170,559	159,935	191,236	—	89	84
Jun. 30	114,514	103,257	205,097	5,180	56	49
Sep. 30	92,938	139,090	219,263	—	42	63
Dec. 31	190,706	224,335	239,204	—	80	94
	568,717	626,617	854,800	5,180	67	73
2013						
Mar. 31	198,925	223,791	257,733	—	77	87
Jun. 30	224,856	189,221	265,554	—	85	71
Sep. 30	182,068	186,731	270,505	6,266	67	67
Dec. 31	200,802	284,880	282,603	—	71	101
	806,651	884,623	1,076,395	6,266	75	82
2014						
Mar. 31	248,421	201,846	297,916	—	83	68
Jun. 30	182,097	261,947	314,533	—	58	83
Sep. 30	270,702	266,851	337,647	8,846	80	79
Dec. 31	281,395	363,079	361,622	—	78	100
	982,615	1,093,723	1,311,718	8,846	75	83
Program to date	$2,961,553	$3,302,654	$ 4,061,592	$ 22,089	73%	81%

(1) Includes distributions reinvested pursuant to our Distribution Reinvestment Plan.

Item 7A – Quantitative and Qualitative Disclosures About Market Risk (Not included as smaller reporting company)

Item 8 – Financial Statements and Supplementary Data

A – Financial Statements

The following financial statements of Redwood Mortgage Investors IX, LLC are included in Item 8:

Report of Independent Registered Public Accounting Firm
Balance Sheets – December 31, 2014 and 2013
Statements of Income for the years ended December 31, 2014 and 2013
Statements of Changes in Members' Capital for the years ended December 31, 2014 and 2013
Statements of Cash Flows for the years ended December 31, 2014 and 2013
Notes to Financial Statements

B – Financial Statement Schedules

No financial statement schedules are required to be filed because Redwood Mortgage Investors IX, LLC is a smaller reporting company.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members
Redwood Mortgage Investors IX, LLC
San Mateo, California

We have audited the accompanying balance sheets of Redwood Mortgage Investors IX (a Delaware limited liability company) as of December 31, 2014 and 2013 and the related statements of income, changes in members' capital and cash flows for each of the years in the two-year period ended December 31, 2014. These financial statements are the responsibility of Redwood Mortgage Investors IX's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Redwood Mortgage Investors IX is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Redwood Mortgage Investors IX's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Redwood Mortgage Investors IX as of December 31, 2014 and 2013 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

Armanino LLP
San Ramon, California

March 31, 2015

REDWOOD MORTGAGE INVESTORS IX, LLC
(A Delaware Limited Liability Company)
Balance Sheets
December 31, 2014 and 2013

ASSETS

	2014	2013
Cash and cash equivalents	$ 1,264,314	$ 1,176,630
Loans, secured by deeds of trust		
Principal	19,185,660	14,698,430
Advances	12,307	1,039
Accrued interest	144,277	112,521
Total loans	19,342,244	14,811,990
Receivable from affiliate	77,347	15,037
Prepaid expenses	—	25,000
Loan administration fees, net	117,686	91,344
Total assets	$ 20,801,591	$ 16,120,001

LIABILITIES, INVESTORS IN APPLICANT STATUS, AND MEMBERS' CAPITAL

	2014	2013
Liabilities		
Accounts payable	$ 319	$ 275
Payable to affiliate	—	15,650
Total liabilities	319	15,925
Investors in applicant status	1,257,000	443,350
Members' capital		
Members' capital, subject to redemption, net	19,521,537	15,642,516
Managers' capital, net	22,735	18,210
Total members' capital	19,544,272	15,660,726
Total liabilities, investors in applicant status and members' capital	$ 20,801,591	$ 16,120,001

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

REDWOOD MORTGAGE INVESTORS IX, LLC
(A Delaware Limited Liability Company)
Statements of Income
For the Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Interest income		
Loans	$ 1,363,517	$ 1,064,581
Imputed interest on formation loan	25,958	25,572
Total interest income	1,389,475	1,090,153
Interest expense – amortization of discount on formation loan	25,958	25,572
Net interest income	1,363,517	1,064,581
Late fees	10,424	7,031
Other	150	150
Total revenues, net	1,374,091	1,071,762
Provision for loan losses	—	—
Operating expenses		
Mortgage servicing fees	40,762	31,590
Asset management fees	37,454	—
Costs through RMC	79,403	119,136
Professional services	99,449	22,237
Other	23,300	14,176
Total operating expenses	280,368	187,139
Net income	$ 1,093,723	$ 884,623
Net income		
Managers (1%)	$ 10,937	$ 8,846
Members (99%)	1,082,786	875,777
	$ 1,093,723	$ 884,623

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

REDWOOD MORTGAGE INVESTORS IX, LLC
(A Delaware Limited Liability Company)
Statements of Changes in Members' Capital
For the Years Ended December 31, 2014 and 2013

	Investors In Applicant Status	Members			
		Capital	Unallocated Syndication Costs	Formation Loan	Capital, net
Balances at December 31, 2012	$ 355,750	$15,233,141	$ (664,520)	$ (931,406)	$ 13,637,215
Contributions on application	1,937,802	—	—	—	—
Contributions admitted to members' capital	(1,850,202)	1,850,202	—	—	1,850,202
Premiums paid on application by RMC	3,570	—	—	—	—
Premiums admitted to members' capital	(3,570)	3,570	—	—	3,570
Net income	—	875,777	—	—	875,777
Earnings distributed to members	—	(1,076,395)	—	—	(1,076,395)
Earnings distributed used in DRIP	—	533,960	—	—	533,960
Member's redemptions	—	(58,190)	—	—	(58,190)
Formation loan funding	—	—	—	(134,896)	(134,896)
Formation loan payments received	—	—	—	93,141	93,141
Syndication costs incurred	—	—	(82,827)	—	(82,827)
Early withdrawal penalties	—	—	401	558	959
Balances at December 31, 2013	$ 443,350	$17,362,065	$ (746,946)	$ (972,603)	$ 15,642,516
Contributions on application	5,223,978	—	—	—	—
Contributions admitted to members' capital	(4,417,328)	4,417,328	—	—	4,417,328
Premiums paid on application by RMC	12,250	—	—	—	—
Premiums admitted to members' capital	(5,250)	5,250	—	—	5,250
Net income	—	1,082,786	—	—	1,082,786
Earnings distributed to members	—	(1,311,718)	—	—	(1,311,718)
Earnings distributed used in DRIP	—	713,481	—	—	713,481
Member's redemptions	—	(548,317)	—	—	(548,317)
Formation loan funding	—	—	—	(373,728)	(373,728)
Formation loan payments received	—	—	—	88,895	88,895
Syndication costs incurred	—	—	(198,046)	—	(198,046)
Early withdrawal penalties	—	—	1,254	1,836	3,090
Balances at December 31, 2014	$ 1,257,000	$21,720,875	$ (943,738)	$(1,255,600)	$ 19,521,537

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

REDWOOD MORTGAGE INVESTORS IX, LLC
(A Delaware Limited Liability Company)
Statements of Changes in Managers' Capital
For the Years Ended December 31, 2014 and 2013

	Managers			
	Capital	Unallocated Syndication Costs	Capital, net	Total Members' Capital
Balances at December 31, 2012	$ 21,321	$ (6,712)	$ 14,609	$13,651,824
Contributions on application	—	—	—	—
Contributions admitted to members' capital	1,854	—	1,854	1,852,056
Premiums paid on application by RMC	—	—	—	—
Premiums admitted to members' capital	—	—	—	3,570
Net income	8,846	—	8,846	884,623
Earnings distributed to members	(6,266)	—	(6,266)	(1,082,661)
Earnings distributed used in DRIP	—	—	—	533,960
Members' redemptions	—	—	—	(58,190)
Formation loan funding	—	—	—	(134,896)
Formation loan payments received	—	—	—	93,141
Syndication costs incurred	—	(837)	(837)	(83,664)
Early withdrawal penalties	—	4	4	963
Balances at December 31, 2013	$ 25,755	$ (7,545)	$ 18,210	$15,660,726
Contributions on application	—	—	—	—
Contributions admitted to members' capital	4,422	—	4,422	4,421,750
Premiums paid on application by RMC	—	—	—	—
Premiums admitted to members' capital	—	—	—	5,250
Net income	10,937	—	10,937	1,093,723
Earnings distributed to members	(8,846)	—	(8,846)	(1,320,564)
Earnings distributed used in DRIP	—	—	—	713,481
Members' redemptions	—	—	—	(548,317)
Formation loan funding	—	—	—	(373,728)
Formation loan payments received	—	—	—	88,895
Syndication costs incurred	—	(2,001)	(2,001)	(200,047)
Early withdrawal penalties	—	13	13	3,103
Balances at December 31, 2014	$ 32,268	$ (9,533)	$ 22,735	$19,544,272

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

REDWOOD MORTGAGE INVESTORS IX, LLC
(A Delaware Limited Liability Company)
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operations		
Interest received	$ 1,443,132	$ 1,178,201
Other loan income	10,574	7,181
Loan administration fee paid	(137,712)	(157,998)
Operating expense	(330,276)	(219,770)
Cash from operations	985,718	807,614
Investing – loan principal/advances		
Principal collected on loans	9,514,020	12,735,062
Loans originated	(14,001,250)	(15,542,476)
Advances on loans	(11,268)	940
Cash used in loan principal/advances, net	(4,498,498)	(2,806,474)
Financing – members' capital		
Contributions by members	5,240,744	1,943,264
Syndication costs paid, net	(200,047)	(83,664)
Formation loan funding	(373,728)	(134,896)
Formation loan collected	88,895	93,141
Cash from members' capital	4,755,864	1,817,845
Net cash increase(decrease) before distributions to members	1,243,084	(181,015)
Distributions to members		
Earnings distributed	(607,083)	(548,701)
Redemptions	(548,317)	(58,190)
Cash distributions to members	(1,155,400)	(606,891)
Net increase(decrease) in cash	87,684	(787,906)
Cash, beginning of period	1,176,630	1,964,536
Cash, end of period	$ 1,264,314	$ 1,176,630

Reconciliation of net income to net cash provided by (used in) operating activities:

	2014	2013
Net income	$ 1,093,723	$ 884,623
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Amortization of loan administration fees	111,370	143,605
Interest income, imputed on formation loan	(25,958)	(25,572)
Amortization of discount on formation loan	25,958	25,572
Change in operating assets and liabilities		
Accrued interest	(31,756)	(29,985)
Receivable from affiliate	(62,310)	(15,037)
Prepaid Expenses	25,000	(25,000)
Loan administration fees	(137,712)	(157,997)
Accounts payable	(50)	(9,208)
Payable to affiliate	(15,650)	15,650
Other	3,103	963
Total adjustments	(108,005)	(77,009)
Net cash provided by (used in) operating activities	$ 985,718	$ 807,614

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

REDWOOD MORTGAGE INVESTORS IX, LLC
(A Delaware Limited Liability Company)
Notes to Financial Statements
December 31, 2014 and 2013

NOTE 1 – ORGANIZATION AND GENERAL

Redwood Mortgage Investors IX, LLC (the "company") is a Delaware limited liability company formed in October 2008 to make loans secured primarily by first and second deeds of trust on California real estate. Redwood Mortgage Corp. ("RMC") and its wholly-owned subsidiary Gymno LLC ("Gymno") are the managers of the company. The address of the company and the managers is 1825 South Grant Street, Suite 250, San Mateo, CA 94402. The mortgage loans the company invests in are arranged and are generally serviced by RMC. Michael Burwell is the president and majority shareholder (through his holdings and beneficial interests in certain trusts) of RMC.

In June 2012, the company filed with the SEC a second registration statement on Form S-11, which was declared effective in December 2012 that in substance extends the offering of member units past the sunset date of the registration of the initial public offering, which was filed in November 2008. The 2012 registration offers up to 150,000,000 units of its membership interests to the public and 37,500,000 units to its members pursuant to its distribution reinvestment plan.

Offering proceeds are released to the company and applied to investments in mortgage loans and the payment or reimbursement of organization and offering expenses. The amount of loans the company funds or acquires will depend upon the number of units sold in the public offering and the resulting amount of the net proceeds available for investment in loans.

The rights, duties and powers of the managers and members of the company are governed by the company's operating agreement and the Delaware Limited Liability Company Act.

The managers are solely responsible for managing the business and affairs of the company, subject to the voting rights of the members on specified matters. Any one of the managers acting alone has the power and authority to act for and bind the company.

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. The description of the company's operating agreement contained in these financial statements provides only general information.

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.

Profits and losses are allocated among the members according to their respective capital accounts monthly after a percentage of the profits and losses not to exceed 1% (combined) is allocated to the managers. The monthly results are subject to subsequent adjustment as a result of quarterly and year-end accounting and reporting. Members may elect to have all or a portion of their monthly distributions reinvested in additional units, subject to the availability of units under the distribution reinvestment plan. Members may withdraw from the distribution reinvestment plan with written notice. No provision for federal and state income taxes (other than an $800 state minimum tax) is made in the financial statements since income taxes are the obligation of the members if and when income taxes apply. Investors should not expect the company to provide tax benefits of the type commonly associated with limited liability company tax shelter investments.

Members should refer to the company's operating agreement for a more complete description of the provisions.

NOTE 1 – ORGANIZATION AND GENERAL (continued)

Distribution reinvestment plan

Members may elect to have all or a portion of their monthly distributions reinvested in additional units, subject to the availability of units under the distribution reinvestment plan. Members may withdraw from the distribution reinvestment plan with written notice.

Liquidity and unit redemption program

There are substantial restrictions on transferability of company units and accordingly an investment in the company is non-liquid. There is no public or secondary market for the units and none is expected to develop. Members have no right to withdraw from the company or to obtain the return of their capital account for at least one year from the date of purchase of units.

In order to provide a certain degree of liquidity, after the one-year period, a member may redeem all or part of their units, subject to certain limitations. The price paid for redeemed units will be 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 will be calculated as follows:

- For redemptions beginning after one year (but before two years) 92% of purchase price or 92% of the capital account balance, whichever is less;
- For redemptions beginning after two years (but before three years) 94% of purchase price or 94% of the capital account balance, whichever is less;
- For redemptions beginning after three years (but before four years) 96% of purchase price or 96% of the capital account balance, whichever is less;
- For redemptions beginning after four years (but before five years) 98% of purchase price or 98% of the capital account balance, whichever is less;
- For redemptions beginning after five years, 100% of purchase price or 100% of the capital account balance, whichever is less.

The company will attempt to redeem units quarterly, subject to certain limitations.

Notwithstanding the foregoing, with respect to any redemption, the number of units that may be redeemed per quarter per individual member will be subject to a maximum of the greater of 100,000 units or 25% of the member's units outstanding. For redemption requests requiring more than one quarter to fully redeem, the percentage discount amount that applies when the redemption payments begin will continue to apply throughout the entire redemption period and will apply to all units covered by such redemption request regardless of when the final redemption payment is made.

The company will not establish a reserve from which to fund redemptions. The company's capacity to redeem member units upon request is restricted to the availability of company cash flow. The company will not, in any calendar year, redeem more than 5% of the weighted average number of units outstanding during the twelve-month period immediately prior to the date of the redemption.

NOTE 1 – ORGANIZATION AND GENERAL (continued)

Contributed capital

The managers – between them - are required to contribute to capital 1/10 of 1% of the aggregate capital accounts of the members.

Managers' interest

If a manager is removed, withdrawn or terminated, the company will pay to the manager all amounts then accrued and owing 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.

Syndication costs

The company bears its own syndication costs, other than certain sales commissions, including legal and accounting expenses, printing costs, selling expenses and filing fees. Syndication costs are charged against members' capital and will be allocated to individual members consistent with the company's operating agreement.

Formation loan

Sales commissions are not paid directly by the company out of the offering proceeds. Instead, the company loans to RMC, one of the managers, amounts to pay all sales commissions and amounts payable in connection with unsolicited orders. This loan is unsecured and non-interest bearing and is referred to as the "formation loan." During the offering period, RMC will repay annually, one tenth of the principal balance of the formation loan as of December 31 of the prior year. Upon completion of the offering, the formation loan will be amortized over 10 years and is expected to be repaid in 10 equal annual installments. The formation loan has been deducted from members' capital in the balance sheets. As amounts are received from RMC as payments on the loan, the deduction from capital will be reduced. Interest has been imputed at the market rate of interest in effect at the end of each quarter for the new additions to the loan. If the managers are removed and RMC is no longer receiving payments for services rendered, the formation loan is forgiven.

Income taxes and Members' capital – tax basis

Income taxes – federal and state – are the obligation of the members, if and when taxes apply, other than for the minimum annual California franchise tax paid by the company.

Term of the Company

The company is scheduled to terminate in 2028, unless sooner terminated as provided in the operating agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management estimates

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 held for sale and held as investment, at acquisition and subsequently. Actual results could differ significantly from these estimates.

GAAP defines fair value as the exchange 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.
- 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.

Collateral fair values are reviewed quarterly and the protective equity for each loan is computed. As used herein, "protective equity" is the arithmetic difference between the fair value of the collateral, net of any senior liens, and the loan balance, where "loan balance" is the sum of the unpaid principal, advances and the recorded interest thereon. This computation is done for each loan (whether impaired or performing), and while loans secured by collateral of similar property type are grouped, there is enough distinction and variation in the collateral that a loan-by-loan, collateral-by-collateral analysis is appropriate.

The fair value of the collateral 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 investment 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, such as, determining highest and best use (which may or may not be the current use); determining the condition (e.g. as-is, when-completed, or for land when-entitled); and determining the unit of value (e.g. as a series of individual unit sales or as a bulk disposition).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management estimates (continued)

Management has the requisite familiarity with the markets it lends in generally and of the properties lent on specifically 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.

Since inception through December 31, 2014, the company has distributed cash of $4,061,592 (which includes $1,883,845 reinvested in DRIP units) to the members, based upon the managers' projections of net income using several variables which included but were not limited to, an average rate of return for the loan portfolio, turnover rate of the loan portfolio, and the availability of quality loans for investment. The company's net income, applicable to members, during this period has been $3,269,627. In 2015, provided the company becomes and remains fully invested in quality mortgage loans, this difference of $791,965 should diminish. In 2014, cash distributed to members was $1,311,718 and net income attributed to members was $1,082,786.

Cash and cash equivalents

The company considers all highly liquid financial instruments with maturities of three months or less at the time of purchase to be cash equivalents. Periodically, company cash balances in banks exceed federally insured limits.

Loans and interest income

Loans generally are stated at 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.

The company may fund a specific loan origination net of an interest reserve to insure timely interest payments at the inception (one to two years) of the loan. As monthly interest payments become due, the company funds the payments into the affiliated trust account. 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.

If events and or changes in circumstances cause management to have serious doubts about the collectability of the payments of interest and principal in accordance with the loan agreement, a loan may be designated as impaired. Impaired loans are included in management's periodic analysis of recoverability. Any subsequent payments on impaired loans are applied to late fees, then to the accrued interest, then to advances, and lastly to principal.

From time to time, the company negotiates and enters into loan modifications with borrowers whose loans are delinquent. If the loan modification results in a significant reduction in the cash flow compared to the original note, the modification is deemed a troubled debt restructuring and a loss is recognized. In the normal course of the company's operations, loans that mature may be renewed at then current market rates and terms for new loans. Such renewals are not designated as impaired, unless the renewed loan was previously designated as impaired.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and interest income (continued)

Interest is accrued daily based on the principal of the loans. An impaired loan continues to accrue as long as the loan is in the process of collection and is considered to be well-secured. Loans are placed on non-accrual status at the earlier of management's determination 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; 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.

Loan administration fees are capitalized and amortized over the life of the loan on a straight-line method which approximates the effective interest method.

Allowance for loan losses

Loans and the related accrued interest and advances are analyzed on a periodic basis for ultimate recoverability. Delinquencies are identified and followed as part of the loan system. Delinquencies are determined based upon contractual terms. For impaired loans, a provision is made for loan losses to adjust the allowance for loan losses to an amount considered by management to be adequate, with due consideration to collateral values, such that the net carrying amount (principal, plus advances, plus accrued interest less the specific allowance) is reduced to the present value of future cash flows discounted at the loan's effective interest rate, or, if a loan is collateral dependent, to the estimated fair value of the related collateral, net of any senior loans and net of any costs to sell in arriving at net realizable value if planned disposition of the asset securing a loan is by way of sale.

The fair value estimates are derived from information available in the real estate markets including similar property and may require the experience and judgment of third parties such as real estate appraisers and brokers.

Loans determined not to be individually impaired are grouped by the property type of the underlying collateral, and for each loan and for the total by property type, the amount of protective equity or amount of exposure to loss (*i.e.*, the dollar amount of the deficiency of the fair value of the underlying collateral to the loan balance) is computed.

Based on its knowledge of the borrowers and their historical (and expected) performance, and the exposure to loss, management estimates an appropriate reserve by property type for probable credit losses in the portfolio. Because the company is an asset-based lender, except as to owner-occupied residences, and because specific regions, neighborhoods and even properties within the same neighborhoods vary significantly as to real estate values and transaction activity, general market trends, which may be indicative of a change in the risk of a loss, and a borrower's credit worthiness are secondary to the condition of the property, the property type and the neighborhood/region in which the property is located, and do not enter substantially into the determination of the amount of the non-specific (i.e. general) reserves.

The company charges off uncollectible loans and related receivables directly to the allowance account once it is determined the full amount is not collectible.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently issued accounting pronouncements

There are no recently effective or issued but not yet effective accounting pronouncements which would have a material effect on the company's reported financial position or results of operations.

NOTE 3 – MANAGERS AND OTHER RELATED PARTIES

The managers are entitled to one percent of the profits and losses, which amounted to $10,937 and $8,846 for the years ended December 31, 2014 and 2013, respectively.

Formation loan

Formation loan transactions are presented in the following table for the years ended December 31.

	2014	2013
Balance, January 1	$ 972,603	$ 931,406
Formation loan made	373,728	134,896
Unamortized discount on imputed interest	(33,554)	(4,724)
	1,312,777	1,061,578
Repayments received from RMC	(88,895) (1)	(93,141)
Early withdrawal penalties applied	(1,836)	(558)
Formation loan, net	1,222,046	967,879
Unamortized discount on imputed interest	33,554	4,724
Balance, December 31	$ 1,255,600	$ 972,603
Subscription proceeds to date	$ 22,433,797	$ 17,209,819

(1) Additional payment of $8,366 made subsequent to December 31, 2014

NOTE 3 – MANAGERS AND OTHER RELATED PARTIES (continued)

Formation loan (continued)

At December 31, 2014 the formation loan made since inception totaled $1,578,416, which constitutes 7% of subscription proceeds to date.

The formation loan has been deducted from members' capital in the balance sheets. As amounts are collected from RMC, the deduction from capital will be reduced. Interest has been imputed at the market rate of interest in effect at the end of each quarter for the new additions to the loan.

The future minimum payments on the formation loan are presented in the following table ($ in thousands).

2015	$	125,560
2016		125,560
2017		125,560
2018		125,560
2019		125,560
Thereafter		627,800
Total	$	1,255,600

RMC is required to repay the formation loan. During the offering period, RMC will repay annually, one tenth of the principal balance of the formation loan as of December 31 of the prior year. Upon completion of the offering, the formation loan will be amortized over 10 years and repaid in 10 equal annual installments. If the managers are removed and RMC is no longer receiving payments for services rendered, the formation loan is forgiven.

The following commissions and fees are paid by the borrowers.

Brokerage commissions, loan originations

For fees in connection with the review, selection, evaluation, negotiation and extension of loans, RMC may collect a loan brokerage commission that is expected to range from approximately 2% 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, and thus, are not an expense of the company. In 2014 and 2013, loan brokerage commissions paid by the borrowers were $196,564 and $151,397, respectively.

Other fees

RMC or Gymno will receive 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. In 2014 and 2013, these fees totaled $36,333 and $28,224, respectively.

The following fees are paid by the company.

Loan administrative fees

RMC will receive a loan administrative fee in an amount up to 1% of the principal amount of each new loan originated or acquired on the company's behalf by RMC for services rendered in connection with the selection and underwriting of potential loans. Such fees are payable by the company upon the closing of each loan. In 2014 and 2013, the loan administration fees paid by the company to RMC were $137,712 and $157,997, respectively.

NOTE 3 – MANAGERS AND OTHER RELATED PARTIES (continued)

Mortgage servicing fees

RMC earns mortgage servicing fees of up to one-quarter of one percent (0.25%) annually of the unpaid principal balance of the loan portfolio or such lesser amount as is reasonable and customary in the geographic area where the property securing the mortgage is located from the company. RMC is entitled to receive these fees regardless of whether specific mortgage payments are collected. 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 has been acquired by the company. To enhance the earnings of the company, RMC, in its sole discretion, may elect to accept less than the maximum amount of the mortgage servicing fee. An increase or decrease in this fee within the limits set by the operating agreement directly impacts the yield to the members. Mortgage servicing fees incurred and paid were $40,762 and $31,590 for the years ended December 31, 2014 and 2013, respectively. RMC did not waive any mortgage servicing fees during 2014 and 2013.

Asset management fees

The managers are entitled to receive a monthly asset management fee for managing the company's portfolio 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 of working capital reserves. This amount will be recomputed annually after the second full year of operations by subtracting from the then fair value of the company's loans plus working capital reserves, an amount equal to the outstanding debt.

To enhance the earnings of the company, the managers, in their sole discretion, may elect to accept less than the maximum amount of the asset management fee. An increase or decrease in this fee within the limits set by the operating agreement directly impacts the yield to the members. RMC at its sole discretion, waived asset management fees during 2014 and 2013, of $113,115 and $124,100, respectively. There is no assurance the managers will decrease or waive these fees in the future.

Asset management fees paid to the managers are presented in the following table for the years ended December 31.

	2014	2013
Chargeable by the managers	$ 150,569	$ 124,100
Waived by the managers	(113,115)	(124,100)
Charged	$ 37,454	$ —

Costs through RMC

RMC, a manager, per the operating agreement, may request reimbursement by the company for operating expenses incurred on behalf of the company, including without limitation, accounting and audit fees, legal fees and expenses, postage and preparation of reports to members, and out-of-pocket general and administration expenses. Certain costs (e.g. postage) can be allocated specifically to the company. Other costs are allocated on a pro-rata basis (e.g. by the company's percentage of total capital of all mortgage funds managed by RMC). Payroll and consulting fees are broken out first based on activity, and then allocated to the company on a pro-rata basis based on percentage of capital to the total capital of all mortgage funds. The decision to request reimbursement of any qualifying charges is made by RMC in its sole discretion. Operating expenses, for which reimbursement was requested, were $79,403 and $119,136, for the years ended December 31, 2014 and 2013, respectively.

NOTE 3 – MANAGERS AND OTHER RELATED PARTIES (continued)

Syndication costs

Syndications costs (all expenses incurred in connection with the start-up of the company or ongoing offering of the units, including legal and accounting fees, printing, mailing, distribution costs, filing fees, reimbursements to participating broker-dealers for due diligence expenses, reimbursements for training and education meetings for associated persons of a FINRA member, marketing reallowances of up to 1% of gross offering proceeds [sale of units, excluding DRIP and premium units]) up to 4.5% of the gross proceeds, are reimbursed to RMC until RMC is repaid in full, and then the company will pay any additional costs directly. The syndication costs are substantially front-ended, and RMC is reimbursed for these expenses quarterly up to 4.5% of the cumulative-to-date gross offering proceeds.

Syndication costs are summarized in the following table for the years ended December 31.

	2014	2013
Balance, January 1	$ 754,491	$ 671,232
Costs reimbursed to RMC (2)	199,410	83,664
Costs paid by the company	637	—
Early withdrawal penalties applied (4)	(1,267)	(405)
Syndication costs allocated (3)	—	—
Balance, December 31	$ 953,271	$ 754,491
Gross proceeds admitted	$ 21,183,798	$ 16,766,469
Percent reimbursed to RMC	4.50%	4.50%

(2) As of December 31, 2014, RMC had incurred approximately $3,064,000 of syndication costs for the company and approximately $2,111,000 remains to be reimbursed by the company to RMC. As of December 31, 2013, RMC had incurred approximately $2,721,000 of syndication costs for the company and approximately $1,966,000 remained to be reimbursed to RMC.

(3) Allocation of the syndication costs to the individual investors' capital accounts begins after the company's fifth full fiscal year, in accordance with the terms of the company's operating agreement and IRS Code Section 709. See also the Accounting Policy footnote - Syndication costs.

(4) Redemption penalties collected are applied to the next installment of principal due under the formation loan and to reduce the amount owed RMC for syndication costs. The amounts credited will be determined by the ratio between the initial amount of the formation loan and the total amount of offering costs incurred by the company.

NOTE 4 – LOANS

The company generally funds loans with a fixed interest rate and a five-year term. As of December 31, 2014, 94% of the company's loans (representing 98% of the aggregate principal of the company's loan portfolio) have a five-year term or less from loan inception. The remaining loans have terms longer than five years. As of December 31, 2014, 20 loans outstanding (representing 60% of the aggregate principal balance of the company's loan portfolio) provide for monthly payments of interest only, with the principal due in full at maturity. The remaining loans require monthly payments of principal and interest, typically calculated on a 30-year amortization, with the remaining principal balance due at maturity.

NOTE 4 – LOANS (continued)

Secured loans unpaid principal balance (principal)

Secured loan transactions are summarized in the following table for the years ended December 31.

	2014	2013
Principal, January 1	$ 14,698,430	$ 11,891,017
Loans funded	736,000	7,358,376
Loans acquired from affiliates	13,265,250	8,184,100
Payments received	(9,514,020)	(12,735,063)
Principal, December 31	$ 19,185,660	$ 14,698,430

Loan characteristics

Secured loans had the characteristics presented in the following table.

	2014	2013
Number of secured loans	52	51
Secured loans – principal	$ 19,185,660	$ 14,698,430
Secured loans – lowest interest rate (fixed)	7.25%	7.25%
Secured loans – highest interest rate (fixed)	10.00%	11.00%
Average secured loan – principal	$ 368,955	$ 288,205
Average principal as percent of total principal	1.92%	1.96%
Average principal as percent of members' capital	1.89%	1.84%
Average principal as percent of total assets	1.77%	1.79%
Largest secured loan – principal	$ 1,600,000	$ 1,200,000
Largest principal as percent of total principal	8.34%	8.16%
Largest principal as percent of members' capital	8.19%	7.66%
Largest principal as percent of total assets	7.69%	7.44%
Smallest secured loan – principal	$ 66,278	$ 68,276
Smallest principal as percent of total principal	0.35%	0.46%
Smallest principal as percent of members' capital	0.34%	0.44%
Smallest principal as percent of total assets	0.32%	0.42%
Number of counties where security is located (all California)	13	13
Largest percentage of principal in one county	25.23%	33.18%
Number of secured loans in foreclosure	1	—
Secured loans in foreclosure – principal	$ 193,893	$ —
Number of secured loans with an interest reserve	—	—
Interest reserves	$ —	$ —

As of December 31, 2014, the company's largest loan in the principal of $1,600,000 represents 8.34% of outstanding secured loans and 7.69% of company assets. The loan is secured by a residential property located in Santa Cruz, California, bears an interest rate of 8.75% and matures on August 1, 2015.

Larger loans sometimes increase above 10% of the secured loan portfolio or company assets as these amounts decrease due to member withdrawals and loan payoffs and due to restructuring of existing loans.

NOTE 4 – LOANS (continued)

Distribution by California counties

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

	December 31, 2014		December 31, 2013	
	Unpaid Principal Balance	Percent	Unpaid Principal Balance	Percent
San Francisco Bay Area				
San Francisco	$ 4,584,854	23.90%	$ 2,081,417	14.16%
Alameda	2,322,907	12.11	1,328,638	9.04
San Mateo	1,554,577	8.10	1,288,689	8.77
Contra Costa	1,186,371	6.18	735,324	5.00
Santa Clara	891,674	4.65	1,298,471	8.83
Sonoma	67,146	0.35	68,276	0.46
	10,607,529	55.29	6,800,815	46.26
Other Northern California				
Santa Cruz	2,320,000	12.09	1,200,000	8.16
Monterey	180,897	0.94	182,405	1.24
El Dorado	—	—	433,650	2.95
	2,500,897	13.03	1,816,055	12.35
Northern California Total	13,108,426	68.32	8,616,870	58.61
Los Angeles & Coastal				
Los Angeles	4,840,941	25.23	4,875,928	33.18
Orange	432,828	2.26	871,169	5.93
San Diego	66,278	0.35	196,663	1.34
	5,340,047	27.84	5,943,760	40.45
Other Southern California				
San Bernardino	635,768	3.31	137,800	0.94
Riverside	101,419	0.53	—	—
	737,187	3.84	137,800	0.94
Southern California Total	6,077,234	31.68	6,081,560	41.39
Total Secured Loans	$ 19,185,660	100.00%	$ 14,698,430	100.00%

NOTE 4 – LOANS (continued)

Commitments/loan disbursements/construction and rehabilitation loans

The company may make construction loans that are not fully disbursed at loan inception. Construction loans are determined by the managers to be those loans made to borrowers for the construction of entirely new structures or dwellings, whether residential, commercial or multi-family properties. The company will have approved the borrowers up to a maximum loan balance; however, disbursements will be made periodically as phases of the construction are completed or at such other times as the loan documents may require, and will be funded from available cash balances and future cash receipts. The company does not maintain a separate cash reserve to fund undisbursed construction loan obligations. Upon project completion, construction loans are reclassified as permanent loans. Funding of construction loans is limited to 10% of the loan portfolio. As of December 31, 2014, the company had no construction loans outstanding.

The company may also make rehabilitation loans. A rehabilitation loan will be approved up to a maximum principal balance and, at loan inception, will be either fully or partially disbursed. If fully disbursed, a rehabilitation escrow account is established and advanced periodically as phases of the rehabilitation are completed or at such other times as the loan documents may require. If not fully disbursed, the rehabilitation loan will be funded from available cash balances and future cash receipts. The company does not maintain a separate cash reserve to fund undisbursed rehabilitation loan obligations. Rehabilitation loan proceeds are generally used to acquire and remodel single family homes for future sale or rental. Upon project completion, rehabilitation loans are reclassified as permanent loans. Funding of rehabilitation loans is limited to 15% of the loan portfolio. As of December 31, 2014, the company had no rehabilitation loans outstanding.

Lien position

Secured loans had the lien positions presented in the following table.

	2014			2013		
	Loans	Principal	Percent	Loans	Principal	Percent
First trust deeds	44	$ 17,114,452	89%	35	$ 10,695,440	73%
Second trust deeds	8	2,071,208	11	16	4,002,990	27
Total secured loans	52	19,185,660	100%	51	14,698,430	100%
Liens due other lenders at loan closing		4,773,151			9,783,711	
Total debt		$ 23,958,811			$ 24,482,141	
Appraised property value at loan closing		$ 44,552,048			$ 43,596,000	
Percent of total debt to appraised values (LTV) at loan closing [1]		53.78%			56.16%	

(1) Based on appraised values and liens due other lenders at loan closing. The loan-to-value computation does not take into account subsequent increases or decreases in security property values following the loan closing nor does it include decreases or increases of the amount owing on senior liens to other lenders by payments or interest accruals, if any.

NOTE 4 – LOANS (continued)

Property type

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

	2014			2013		
	Loans	Principal	Percent	Loans	Principal	Percent
Single family[2]	40	$ 14,512,116	76%	46	$ 13,300,082	91%
Multi-family	3	1,272,724	6	2	349,877	2
Commercial	9	3,400,820	18	3	1,048,471	7
Total secured loans	52	$ 19,185,660	100%	51	$ 14,698,430	100%

(2) Single family property type as of December 31, 2014 consists of five loans with principal of $1,318,743 that are owner occupied and 35 loans with principal of $13,193,373 that are non-owner occupied. At December 31, 2013, single family property consisted of ten loans with principal of $3,030,950 that were owner occupied and 36 loans with principal of $10,269,132 that were non-owner occupied.

Scheduled maturities

Secured loans are scheduled to mature as presented in the following table.

	Loans	Principal	Percent
2015	9	$ 5,900,192	31%
2016	12	4,526,694	24
2017	9	3,103,655	16
2018	7	1,434,431	7
2019	13	4,033,840	21
Thereafter	2	186,848	1
Total secured loans	52	$ 19,185,660	100%

Loans may be repaid or refinanced before, at or after the contractual maturity date. On matured loans the company may continue to accept payments while pursuing collection of amounts owed from borrowers. Therefore, the above tabulation for scheduled maturities is not a forecast of future cash receipts.

The company renewed two and three loans during 2014 and 2013, respectively, with aggregate principal balances of $1,020,664 and $1,515,723, respectively.

Delinquency

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

	2014	2013
Past Due		
30-89 days	$ 448,930	$ 596,967
90-179 days	514,791	—
180 or more days	—	—
Total past due	963,721	596,967
Current	18,221,939	14,101,463
Total secured loans	$ 19,185,660	$ 14,698,430

NOTE 4 – LOANS (continued)

Modifications and troubled debt restructurings

There were no loan modifications made during the years 2014 and 2013, and no modifications were in effect at December 31, 2014 and 2013.

Loans in non-accrual status

At December 31, 2014 and 2013, there were no loans designated in non-accrual status.

Impaired loans/allowance for loan losses

At December 31, 2014 and 2013, the company had not designated any loans as impaired and had not recorded an allowance for loan losses as all loans were deemed to have protective equity such that collection is probable for amounts owing.

Fair Value

The company does not record its loans at fair value on a recurring basis.

Loans designated impaired (i.e. that are collateral dependent) are measured at fair value on a non-recurring basis. The company did not have any loans designated impaired at December 31, 2014 or 2013.

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

(a) Secured loans (Level 2) - The recorded amount of the performing loans (i.e. the loan balance) is deemed to approximate the fair value. Each loan is reviewed 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. Also considered is the limited resale market for the loans. Most companies or individuals making similar loans as the partnership intend to hold the loans until maturity as the average contractual term of the loans (and the historical experience of the time the loan is outstanding due to pre-payments) is shorter than conventional mortgages. Further there are no prepayment penalties to be collected and any loan buyers would be hesitant to risk paying above par. Due to these factors sales of the loans are infrequent and an active market does not exist.

(b) Secured loans, designated impaired (Level 2) – Secured loans designated impaired are deemed collateral dependent, and the fair value of the loan is the lesser of the fair value of the collateral or the enforceable amount owing under the note. The fair value of the collateral 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 (Level 2 inputs).

NOTE 4 – LOANS (continued)

The following methods are used depending upon the property type of the collateral.

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 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.

Where sufficient, applicable sale comps are not available or deemed unreliable, management will seek additional information in the form of broker's 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 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.

Where adequate sale comps are not available, management will seek additional information in the form of broker's opinions of value or appraisals.

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 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.

Commercial buildings – Where commercial rental income information is available, management's preferred method for determining the fair value of its commercial real estate assets 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 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.

Management supplements the direct capitalization method with additional information in the form of a sale comparison analysis (where adequate sale comps are available), broker's opinion of value, or appraisal.

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. Management may rely on information in the form of a sale comparison analysis (where adequate sale comps are available), broker's opinion of value, or appraisal.

NOTE 5 – COMMITMENTS AND CONTINGENCIES, OTHER THAN LOAN COMMITMENTS AND SYNDICATION COSTS

Legal proceedings

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 to 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. As of December 31, 2014, the company is not involved in any legal proceedings other than those that would be considered part of the normal course of business.

Commitments

There were no commitments other than those disclosed in Note 4.

NOTE 6 – SUBSEQUENT EVENTS

None

Item 9 – Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in or disagreements with the company's independent registered public accounting firm during the years ended December 31, 2014 and 2013.

Item 9A – Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The company carried out an evaluation, under the supervision and with the participation of the managers of the effectiveness of the design and operation of the company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the managers concluded the company's disclosure controls and procedures were effective.

Manager's Report on Internal Control over Financial Reporting

The managers are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rule 13a-15(f). The internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The managers and their respective managements conducted an evaluation of the effectiveness of the company's internal control over financial reporting based on the *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of this evaluation, the managers concluded the manager's internal control over financial reporting was effective as of December 31, 2014.

This annual report does not include an attestation report of the manager's independent registered public accounting firm regarding internal control over financial reporting because current law and SEC rules require such attestation reports only for large accelerated filers and accelerated filers (and the company, as a smaller reporting company, is not subject to that requirement).

Changes to Internal Control Over Financial Reporting

There have not been any changes in the manager's internal control over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the manager's internal control over financial reporting.

Item 9B – Other Information

None

Part III

Item 10 – Directors, Executive Officers and Corporate Governance

The company has no directors or executive officers. The managers of the company are RMC and its wholly-owned subsidiary, Gymno LLC. The managers are solely responsible for managing the business and affairs of the company, subject to the rights of the members to vote on specified matters. Any one of the managers acting alone has the power and authority to act for and bind the company. A majority of the outstanding member interests may, without the consent of the managers, vote to: (i) terminate the company, (ii) amend the operating agreement, (iii) approve or disapprove the sale of all or substantially all of the assets of the company and (iv) remove or replace one or all of the managers. The approval of 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 Managers

Redwood Mortgage Corp. Redwood Mortgage Corp. is a licensed real estate broker incorporated in 1978 under the laws of the State of California, and is engaged primarily in the business of arranging and servicing mortgage loans. Redwood Mortgage Corp. will act as the loan broker and servicing agent in connection with loans, as it has done on behalf of several other limited partnerships formed by the managers.

Gymno LLC. Gymno LLC is a California limited liability company formed in 1986 for the purpose of acting as a Manager of this company and general partner of other limited partnerships formed by the individual managers.

Affiliates of Our Managers

Michael R. Burwell. Michael R. Burwell, age 58, President, Director, Chief Financial Officer, Redwood Mortgage Corp. (1979-present); Director, Secretary and Treasurer A & B Financial Services, Inc. (1980-2011); President, Director, Chief Financial Officer and Secretary of Gymno Corporation (1986-September 2011) and now, the manager of Gymno LLC, the entity into which Gymno Corporation was converted (September 2011-present); President, Director, Secretary and Treasurer of The Redwood Group, Ltd. (1979-September 2011); past member of Board of Trustees and Treasurer, Mortgage Brokers Institute (1984-1986). Mr. Burwell is licensed as a real estate sales person. Mr. Burwell was a general partner of each of the RMI, RMI II and RMI III limited partnerships. Mr. Burwell is a general partner of each of the RMI IV, RMI V, RMI VI, RMI VII and RMI VIII limited partnerships. Mr. Burwell attended the University of California, at Davis from 1975-1979.

Diana B. Mandarino. Diana B. Mandarino, age 69, Director of Redwood Mortgage Corp. (2001-present); past Executive Vice President and Director of Sales and Marketing, Redwood Mortgage Corp. (1995-2014); Sr. Vice President, Rancon Securities Corp. (1982-1995); Marketing and Sales Assistant, Belmont Reid & Co. Investment Group, (1977-1982); Member and past President of Financial Planning Association, Silicon Valley Chapter. Ms. Mandarino attended Foothill Community College from 1965-1967.

Lorene A. Randich. Lorene A. Randich, age 58, joined Redwood Mortgage Corp. in 1991, and has served as a Director since November 2011. Ms. Randich has held the real estate broker's license of record for Redwood Mortgage Corp. since November 2011. Since 2001, she has been Vice President of Loan Production and Underwriting. Ms. Randich has been a licensed real estate broker since 1996. She is a member of the National Association of Realtors, the California Mortgage Bankers Association, the California Association of Mortgage Professionals (Board Member–San Francisco/Peninsula Chapter) and the California Mortgage Association (Board Member). Ms. Randich received a BA from UC Berkeley in 1980.

Thomas R. Burwell. Thomas R. Burwell, age 47, joined Redwood Mortgage Corp. in 2007 and has served as Marketing and Sales Director since 2012; Loan Officer-Builder Division Wells Fargo Bank, N.A (Westwood, CA 2005-2007); Loan Officer, Wells Fargo Bank, N.A. (Beverly Hills 2004-2005); Loan Officer Wells Fargo Bank, N.A. (New York, NY 2002-2004). Mr. Burwell is licensed as a real estate sales person, and a member of the Financial Planning Association, San Francisco, CA. Mr. Burwell received a BA from the University of California at Davis in 1990. Former ATP (Association of Tennis Professionals) world tour professional. NCAA Team and Individual Finalist, Team Captain, (Three-time) All-American, #1 Singles and #1 Doubles Player for University of California at Davis.

Financial Oversight by Managers

The company does not have a board of directors or an audit committee. Accordingly, the managers serve the equivalent function of an audit committee for, among other things, the following purposes: appointment, compensation, review and oversight of the work of our independent public accountants, and establishing the enforcing of the Code of Ethics. However, since the company does not have an audit committee and the managers are not independent of the company, the company does not have an "audit committee financial expert."

Code of Ethics

The managers have adopted a Code of Ethics applicable to the managers and to any agents, employees or independent contractors engaged by the managers to perform the functions of a principal financial officer, principal accounting officer or controller of the company, if any. You may obtain a copy of this Code of Ethics, without charge, upon request by calling our Investor Services Department at (650) 365-5341, option 5.

Item 11 – Executive Compensation

COMPENSATION OF THE MANAGERS AND AFFILIATES

As indicated above in Item 10, the company has no officers or directors. The managers are solely responsible for managing the business and affairs of the company, subject to the voting rights of the members on specified matters. .

Redwood Mortgage Corp. (RMC) and its wholly-owned subsidiary Gymno LLC (Gymno) are the managers of the company. The mortgage loans the company invests in are arranged and are generally serviced by RMC. Michael R. Burwell is the president and majority shareholder (through his holdings and beneficial interests in certain trusts) of RMC.

The company's operating agreement permits certain fees and other cost reimbursements to be paid to the managers. A more complete description of permissible fees and cost reimbursements is found in the company's prospectus, dated April 30, 2014, under the section "Compensation of our Managers and Their Affiliates" at pages 44 and following, which is incorporated herein by reference. The fees and cost reimbursements paid in 2014 are summarized below.

I. THE FOLLOWING COMPENSATION HAS BEEN PAID TO THE MANAGERS FOR SERVICES RENDERED DURING 2014. ALL SUCH COMPENSATION IS IN COMPLIANCE WITH THE GUIDELINES AND LIMITATIONS SET FORTH IN THE OPERATING AGREEMENT.

Entity Receiving Compensation	Description of Compensation and Services Rendered	Amount
RMC	Loan Administrative Fees	$ 137,713
RMC	Mortgage Servicing Fee	40,762
RMC and Gymno	Asset Management Fee	37,454
RMC and Gymno	1% interest in profits (loss)	10,937
	Less allocation of syndication costs	—
		$ 10,937
RMC	Portion of early withdrawal penalties applied to reduce Formation Loan	$ 1,836

II. FEES PAID BY BORROWERS ON MORTGAGE LOANS PLACED WITH THE COMPANY BY COMPANIES RELATED TO THE MANAGERS DURING 2014 (EXPENSES OF BORROWERS NOT OF THE COMPANY)

RMC	Mortgage Brokerage Commissions for services in connection with the review, selection, evaluation, negotiation, and extension of the loans paid by the borrowers and not by the company	$ 196,564
RMC	Processing and Escrow Fees for services in connection with notary, document preparation, credit investigation, and escrow fees payable by the borrowers and not by the company	$ 35,832
Gymno	Reconveyance Fees	$ 501

III. RMC PAID DURING 2014 CERTAIN EXPENSES ON BEHALF OF THE COMPANY FOR WHICH IT WAS REIMBURSED

RMC, a manager, per the operating agreement, may request reimbursement by the company for operating expenses incurred on behalf of the company, including without limitation, accounting and audit fees, legal fees and expenses, postage and preparation of reports to members, and out-of-pocket general and administration expenses. Certain costs (e.g. postage) can be allocated specifically to a fund. Other costs are allocated on a pro-rata basis (e.g. by the funds' percentage of total capital of all mortgage funds managed by RMC). Payroll and consulting fees are broken out first based on activity, and then allocated to mortgage funds on a pro-rata basis based on percentage of capital to the total capital of all mortgage funds. The decision to request reimbursement of any qualifying charges is made by RMC in its sole discretion.

During 2014, the company reimbursed RMC for operating expenses of $79,403.

Item 12 – Security Ownership of Certain Beneficial Owners and Management, and Related Stockholder Matters

No person or entity owns beneficially more than five percent (5%) of the units. The managers do not own any units, but have collectively made capital contributions of 1/10th of 1% of the aggregate capital accounts of the members, and receive collectively 1% of the net income and losses of the company. The members receive collectively the remaining 99%.

Item 13 – Certain Relationships and Related Transactions, and Director Independence

Refer to footnote 3 of the Notes to Financial Statements in Part II item 8, which describes related party fees and data.

Also refer to the company's prospectus, dated April 30, 2014, under the section "Compensation of Our Managers and Their Affiliates" (pages 44 and following), which is incorporated herein by reference.

For a description of the company's policies and procedures for the review, approval or ratification of related party transactions, refer also to the company's prospectus dated April 30, 2014, for the discussion under the caption "Compensation of Our Managers and Their Affiliates" (pages 44 and following), the discussion under the caption "Conflicts of Interest" (pages 52 and following) and the discussion under the caption "Investment Objectives and Criteria" (pages 63 and following), each of which is incorporated herein by reference.

Since the company does not have a board of directors and since the managers are not considered independent of the company, the company does not have the equivalent of independent directors.

Item 14 – Principal Accountant Fees and Services

Fees for services performed for the company by the principal accountant for 2014 and 2013 are as follows:

Audit Fees The aggregate fees billed during the years ended December 31, 2014 and 2013 for professional services rendered for the audit of the company's annual financial statements included in the company's Annual Report on Form 10-K, review of financial statements included in the company's Quarterly Reports on Form 10-Q and for services provided in connection with regulatory filings were $93,472 and $67,898, respectively. RMC, at its sole discretion, absorbed $27,762 and $42,934 of these costs during the years ended December 31, 2014 and 2013, respectively.

Audit Related Fees There were no fees billed during the years ended December 31, 2014 and 2013 for audit-related services.

Tax fees The aggregate fees billed for tax services for the years ended December 31, 2014 and 2013 were $8,041 and $5,000, respectively. These fees relate to professional services rendered primarily for tax compliance.

All Other Fees There were no other fees billed during the years ended December 31, 2014 and 2013.

All audit and non-audit services are approved by the managers prior to the accountant being engaged by the company.

Part IV

Item 15 – Exhibits and Financial Statement Schedules

A. Documents filed as part of this report are incorporated:

1. In Part II, Item 8 under A –Financial Statements.

2. No financial statement schedules are required to be filed because Redwood Mortgage Investors IX, LLC is a smaller reporting company.

3. Exhibits.

Exhibit No.	Description of Exhibits
3.1*	Seventh Amended and Restated Limited Liability Company Operating Agreement
3.2**	Certificate of Formation
4.1*	Subscription Agreement and Power of Attorney, including Special Notice for California Residents
10.1*	Distribution Reinvestment Plan
10.2***	Loan Servicing Agreement
10.3***	Form of Note secured by Deed of Trust for Construction Loans which provides for interest only payments
10.4***	Form of Note secured by Deed of Trust for Commercial Loans which provides for interest only payments
10.5***	Form of Note secured by Deed of Trust for Commercial Loans which provides for principal and interest payments
10.6***	Form of Note secured by Deed of Trust for Residential Loans which provides for interest only payments
10.7***	Form of Note secured by Deed of Trust for Residential Loans which provides for interest and principal prepayments
10.8***	Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing to accompany Exhibit 10.3
10.9***	Deed of Trust, Assignment of Leases and Rents, and Security Agreement and Fixture Filing to accompany Exhibits 10.4 and 10.5
10.10***	Deed of Trust, Assignment of Leases and Rents, and Security Agreement and Fixture Filing to accompany Exhibits 10.6 and 10.7
10.11****	Agency Disclosure
10.12***	Formation Loan Promissory Note
31.1†	Certification of Manager pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2†	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
32.2†	Certification of Manager pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1†	Selected Portions of the Company's Prospectus, dated April 30, 2014
101.INS†	XBRL Instance Document
101.SCH†	XBRL Taxonomy Extension Schema Document
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document

* Previously filed and incorporated by reference to the same numbered Exhibit to Post-Effective Amendment No. 5 to the Company's Registration Statement on Form S-11 (Commission File No. 333-181953), filed on January 26, 2015.

** Previously filed and incorporated by reference to Exhibit 3.2 to Pre-Effective Amendment No. 2 to the Company's Registration Statement on Form S-11 (Commission File No. 333-155428), filed on March 17, 2009.

*** Previously filed and incorporated by reference to the same numbered Exhibit to Pre-Effective Amendment No. 1 to the Company's Registration Statement on Form S-11 (Commission File No. 333-181953), filed on November 27, 2012.

**** Previously filed and incorporated by reference to the same numbered Exhibit to Post-Effective Amendment No. 4 to the Company's Registration Statement on Form S-11 (Commission File No. 333-181953), filed on April 22, 2014.

† Filed herewith.

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: March 31, 2015

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

By: /s/ Michael R. Burwell
Name: Michael R. Burwell
Title: President, Secretary and Treasurer

Date: March 31, 2015

By: **Gymno LLC, Manager**

By: /s/ Michael R. Burwell
Name: Michael R. Burwell
Title: Manager

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacity indicated on the 31st day of March, 2015.

Signature	**Title**	**Date**
/S/ Michael R. Burwell Michael R. Burwell	President, Secretary/Treasurer of Redwood Mortgage Corp. (Principal Financial and Accounting Officer); Director of Redwood Mortgage Corp.	March 31, 2015
/S/ Michael R. Burwell Michael R. Burwell	Manager of Gymno LLC	March 31, 2015

Exhibit 31.1

PRESIDENT'S CERTIFICATION

I, Michael R. Burwell, certify that:

1. I have reviewed this annual report on Form 10-K of Redwood Mortgage Investors IX, LLC, a Delaware Limited Liability Company (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15-d-15(f)) for the Registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Michael R. Burwell

Michael R. Burwell, President,
(principal executive officer and principal financial officer)
Redwood Mortgage Corp,
Manager
March 31, 2015

Exhibit 31.2

PRESIDENT AND CHIEF FINANCIAL OFFICER CERTIFICATION

I, Michael R. Burwell, certify that:

1. I have reviewed this annual report on Form 10-K of Redwood Mortgage Investors IX, LLC, a Delaware Limited Liability Company (the “Registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15-d-15(f)) for the Registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

/s/ Michael R. Burwell

Michael R. Burwell,
Manager of Gymno LLC,
Manager
March 31, 2015

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Redwood Mortgage Investors IX, LLC (the “company”) on Form 10-K for the period ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), pursuant to 18 U.S.C. (S) 1350, as adopted pursuant to (S) 906 of the Sarbanes-Oxley Act of 2002, I, Michael R. Burwell, certify that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company at the dates and for the periods indicated.

A signed original of this written statement required by Section 906 has been provided to Redwood Mortgage Investors IX, LLC and will be retained by Redwood Mortgage Investors IX, LLC and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Michael R. Burwell

Michael R. Burwell, President,
(principal executive officer and principal financial officer)
Redwood Mortgage Corp,
Manager
March 31, 2015

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Redwood Mortgage Investors IX, LLC (the “company”) on Form 10-K for the period ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), pursuant to 18 U.S.C. (S) 1350, as adopted pursuant to (S) 906 of the Sarbanes-Oxley Act of 2002, I, Michael R. Burwell, certify that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company at the dates and for the periods indicated.

A signed original of this written statement required by Section 906 has been provided to Redwood Mortgage Investors IX, LLC and will be retained by Redwood Mortgage Investors IX, LLC and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Michael R. Burwell

Michael R. Burwell,
Manager of Gymno LLC,
Manager
March 31, 2015