REDWOOD MORTGAGE INVESTORS VIII, L.P.
(A California Limited Partnership)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

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Independent Auditor's Report

To the Partners and Manager
Redwood Mortgage Investors VIII, L.P.
San Mateo, California

Opinion

We have audited the consolidated financial statements of Redwood Mortgage Investors VIII, L.P., a California Limited Partnership and its subsidiaries (the "Partnership"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in partners' capital, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 1 to the consolidated financial statements, which describes the Partnership's Plan of Dissolution approved on August 4, 2023, and the commencement of wind-up activities. As disclosed, these activities will continue until the complete liquidation of the Partnership's assets and termination of the Partnership in accordance with the Plan of Dissolution. Our opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

May 5, 2026

REDWOOD MORTGAGE INVESTORS VIII, L.P.
(A California Limited Partnership)
Consolidated Balance Sheets
December 31, 2025 and 2024
($ in thousands)

	December 31, 2025	December 31, 2024
ASSETS		
Cash, in banks	$ 1,566	$ 4,734
Loans secured by deeds of trust		
Principal	16,266	25,183
Advances	16	9
Accrued interest	93	114
Loan balances secured by deeds of trust	16,375	25,306
Allowance for credit losses	(100)	(2,540)
Loan balances secured by deeds of trust, net	16,275	22,766
Mortgage note acquired	—	3,656
Real estate owned (REO), net	8,536	14,514
Receivable from related mortgage fund	2	—
Other assets	31	61
Total assets	$ 26,410	$ 45,731
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable	$ 19	$ 78
Payable to manager	24	61
Accrued liabilities	1,109	1,477
Mortgage payable	—	1,263
Total liabilities	1,152	2,879
Commitments and Contingencies (Note 8)		
Partners’ capital		
Limited partners’ capital	27,068	45,903
General partners’ (deficit)	(635)	(637)
Total partners’ capital	26,433	45,266
Receivable from manager (formation loan)	(1,175)	(2,414)
Partners’ capital, net of formation loan	25,258	42,852
Total liabilities and partners’ capital	$ 26,410	$ 45,731

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

REDWOOD MORTGAGE INVESTORS VIII, L.P.
(A California Limited Partnership)
Consolidated Statements of Operations
For the Years Ended December 31, 2025 and 2024
($ in thousands)

	2025	2024
Revenue		
Interest income	$ 1,779	$ 3,719
Interest expense		
Line of credit	—	(324)
Mortgages payable	(46)	(57)
Total interest expense	(46)	(381)
Net interest income	1,733	3,338
Late fees	3	38
Total revenue, net	1,736	3,376
Provision for (recovery of) credit losses	(1,096)	2,539
Operations expense		
Mortgage servicing fees to Redwood Mortgage Corp. (RMC)	288	588
Asset management fees to RMC	137	196
Costs from RMC	356	462
Professional services	1,099	1,268
REO, net	984	959
Other	(25)	27
Total operations expense, before dissolution fee	2,839	3,500
Dissolution fee to RMC	1,239	287
Total operations expense	4,078	3,787
Net (loss)	$ (1,246)	$ (2,950)
Limited partners (99%)	$ (1,246)	$ (2,921)
General partners (1%)	—	(29)
Net (loss)	$ (1,246)	$ (2,950)

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

REDWOOD MORTGAGE INVESTORS VIII, L.P.
(A California Limited Partnership)
Consolidated Statements of Changes in Partners' Capital
For the Years Ended December 31, 2025 and 2024
($ in thousands)

	Limited Partners' Capital	General Partners' Capital (Deficit)	Total Partners' Capital
Balance, December 31, 2024	$ 45,903	$ (637)	$ 45,266
Dissolution fee adjustment	(2)	2	—
Net loss before dissolution fee	(7)	—	(7)
Dissolution fee	(1,239)	—	(1,239)
Withdrawals	(17,587)	—	(17,587)
Balance, December 31, 2025	$ 27,068	$ (635)	$ 26,433

	Limited Partners' Capital	General Partners' Capital (Deficit)	Total Partners' Capital
Balance, December 31, 2023	$ 52,646	$ (608)	$ 52,038
Net loss	(2,921)	(29)	$ (2,950)
Withdrawals	(3,822)	—	(3,822)
Balance, December 31, 2024	$ 45,903	$ (637)	$ 45,266

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

REDWOOD MORTGAGE INVESTORS VIII, L.P.
(A California Limited Partnership)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
($ in thousands)

	2025	2024
Operating activities		
Interest income received	$ 1,800	$ 4,863
Interest expense	(46)	(427)
Late fees and other loan income	2	38
Operations expense	(3,046)	(3,196)
Dissolution fee	(1,239)	(287)
Total cash (used in) provided by operating activities	(2,529)	991
Investing activities		
Loans		
Loans funded to facilitate REO sale	(2,000)	—
Principal and advances collected on secured loans	8,496	17,068
Principal collected on unsecured loan	1,071	
Mortgage note collected	3,656	—
Mortgage note acquired	—	(3,656)
Proceeds from loans sold to non-affiliate, net	—	3,430
Promissory note funded to related mortgage fund	—	(420)
Promissory note repaid by related mortgage fund	—	420
Unsecured lending funded to related mortgage fund	—	(1,700)
Unsecured lending repaid by related mortgage fund	—	1,700
Total – Loans	11,223	16,842
REO – sales proceeds, net	5,759	—
Total cash provided by investing activities	16,982	16,842
Financing activities		
Partners’ capital – withdrawals	(17,597)	(3,825)
Formation loan – repayments from RMC	1,239	288
Mortgage payable – repayments	(1,263)	(49)
Line of credit – repayments	—	(7,110)
Promissory note repaid to related mortgage fund	—	(2,800)
Total cash (used in) financing activities	(17,621)	(13,496)
Net (decrease) increase in cash	(3,168)	4,337
Cash, beginning of year	4,734	397
Cash, end of year	$ 1,566	$ 4,734

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

REDWOOD MORTGAGE INVESTORS VIII, L.P.
(A California Limited Partnership)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024
($ in thousands)

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

	2025	2024
Cash flows from operating activities		
Net loss	$ (1,246)	$ (2,950)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
(Recovery of) provision for credit losses	(1,096)	2,539
REO – gain on disposal	(32)	—
REO – decrease in valuation allowance	251	454
Amortization of debt issuance costs	—	7
Change in operating assets and liabilities		
Accrued interest	21	1,255
Prepaid interest	—	(15)
Allowance for credit losses	—	(49)
Receivable from related mortgage fund	(2)	18
Other assets	39	25
Accounts payable and accrued liabilities	(427)	(304)
Payable to manager	(37)	11
Total cash (used in) provided by operating activities	$ (2,529)	$ 991
Supplemental disclosures of cash flow information		
Non-cash investing activities		
Real estate acquired by foreclosure	$ —	$ 2,400
Property taxes, and other liabilities assumed at foreclosure, net	—	(82)
Settlement of loan and interest receivable net of liabilities assumed at foreclosure	—	(2,318)

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

NOTE 1 – ORGANIZATION AND GENERAL

Redwood Mortgage Investors VIII, L.P., a California Limited Partnership ("RMI VIII" or "the partnership"), was formed in 1993 to engage in business as a mortgage lender and investor by making and holding-for-investment mortgage loans secured by California real estate, primarily through first and second deeds of trust. The general partners are Redwood Mortgage Corp. ("RMC" or "the manager") and Michael R. Burwell, the President, Secretary and Treasurer of RMC and RMC's principal shareholder.

The partnership is externally managed by RMC.

- RMC is solely responsible for managing the business and affairs of RMI VIII, subject to the voting rights of the limited partners on specified matters. The manager acting alone has the power and authority to act for and bind the partnership.
- RMC provides personnel and services necessary for RMI VIII to conduct its business as the partnership has no employees of its own.
- The mortgage loans the partnership funded and invested in were arranged and generally are serviced by RMC.

Plan of Dissolution (2023 August)

On August 4, 2023 (the "Dissolution Date"), the general partners of RMI VIII entered into a plan of dissolution (the "Plan" or "Plan of Dissolution") following the receipt of required consents of the limited partners approving the dissolution of the partnership (the "Dissolution") and the Plan of Dissolution. Pursuant to the Plan of Dissolution, RMC commenced winding up the affairs of the partnership commencing from the Dissolution Date and will continue wind up activities until the complete liquidation of the partnership's assets and the termination of the partnership in accordance with the Plan of Dissolution, the partnership's Sixth Amended and Restated Limited Partnership Agreement dated July 28, 2005 (as amended, the "Partnership Agreement"), and the California Uniform Limited Partnership Act of 2008 (the "California Act"). In the event of any inconsistency between a provision of the Partnership Agreement and the Plan, the applicable provision of the Plan is controlling.

Under the Plan of Dissolution: RMI VIII ceased making new loans and only engages in business activities necessary or convenient to wind-up the partnership's business and distribute partnership assets. As part of the wind-up activities, RMC, in its sole discretion, is to liquidate the partnership's assets as promptly as is consistent with obtaining the current fair value thereof, which may include: (i) collecting loan payments from borrowers under existing loan terms; (ii) selling loans to third parties; (iii) selling loans to either or both general partners or their affiliates, subject to the limitations set forth in the Partnership Agreement; (iv) enforcing delinquent loans through foreclosure or negotiating settlements with the borrowers and/or any guarantors or other obligors on such loans; (v) selling any "real estate owned" (property acquired by foreclosure) held by the partnership; and (vi) taking any other actions determined by RMC to be consistent with recovering the fair market value of any partnership assets and authorized in the Partnership Agreement and the Plan. RMC may sell all, or substantially all, of the loans in the partnership's portfolio to one or more unaffiliated third party purchasers, provided RMC determines, in its reasonable judgment, that the applicable portfolio sale is in the interest of the partnership and the limited partners taking into account the value of the loans in the portfolio being sold and the potential cost savings and other economic advantages gained from the sale of several loans in a single transaction rather than on a loan-by-loan basis. Under the Plan, RMC is entitled to a dissolution fee in an amount equal to 7.0% of each capital distribution to be made to the limited partners over the course of the wind-up period (the "Dissolution Fee"). The Dissolution Fee is to be paid to RMC quarterly, on or by the last business day of each calendar quarter based on the expected capital distribution to be paid to the limited partners for such quarter. The Dissolution Fee is treated as an expense of the partnership and included in the allocation of income/losses to limited partners' capital accounts. RMC will continue to collect loan servicing fees, cost reimbursements, and other fees received as manager of the partnership, in addition to the Dissolution Fee, and the general partners will continue to collect asset management and other fees and be entitled to cost reimbursements.

Under the Plan of Dissolution: (i) all limited partners, including limited partners who previously elected not to receive periodic distributions of partnership net income under the Partnership Agreement, began receiving quarterly distributions of the partnership's net income (if any); and (ii) all scheduled withdrawals of limited partner capital made pursuant to the Partnership Agreement terminated in favor of quarterly pro rata withdrawals to all limited partners of cash received from the liquidation of partnership assets and available to fund capital distributions in accordance with the distribution provisions set forth in the Plan as described in the paragraph below.

Under the Plan of Dissolution: All assets of the partnership, including cash available from interest and principal payments on partnership loans, proceeds from the sale of real estate owned and partnership loans, and RMC's repayment (primarily from the proceeds of the Dissolution Fee) of the amounts owed on the formation loan and paid pursuant to the restoration obligation of the General Partners' capital deficit (i.e., the deficit restoration obligation or the DRO) are to be applied and distributed in the following order of priority:

- First, to the payment of operations expense, including liabilities to professional services providers and government agencies (principally property and other taxes), fees and cost reimbursements to RMC, asset management fees to the general partners, loan administration and collection costs, and such other general and administrative expenses of the partnership's business and compliance activities and then to the payment and discharge of all of the partnership's then current debts and liabilities to banks (and any other lenders); and
- Thereafter, quarterly, within seven (7) business days after the end of each calendar quarter, to the limited and general partners in proportion to their respective positive capital account balances, after (i) taking into account income and loss allocations for the applicable calendar quarter and (ii) deducting the Dissolution Fee as calculated on the last business day of the quarter. Quarterly net income, if any, is distributed pro rata to all limited partners and by disbursement separate from capital distribution payments.

Under the Plan of Dissolution: (i) RMC may establish and withhold from distributions made to the limited partners any reserves reasonably deemed necessary by RMC in light of known liabilities and liquidating expenses payable by RMI VIII as well as estimated, unknown and potential contingent liabilities and expenses; and (ii) at any time distributions to any limited partner has reduced the limited partner's capital account balance to $10,000 or less, RMC is authorized to return the entire remaining capital account balance to a limited partner rather than continuing to make diminishing pro rata distributions to the limited partner in accordance with the distribution provisions of the Plan ("Low Balance Distributions"). The Plan permits the Partnership to give priority to Low Balance Distributions among other redemption payments in order to reduce operations expense.

The first distributions under the Plan were made in December 2024, and were limited to Low Balance Distributions (accounts with balances of $10 thousand or less) which reduced the outstanding number of limited partner capital accounts by 44.0%.

The foregoing is a summary of the Plan of Dissolution and is qualified in its entirety by the terms of the Plan of Dissolution, a copy of which is filed as Exhibit 2.1 to the partnership's Form 8-K filed with the SEC on August 9, 2023.

Formation Loans to Redwood Mortgage Corp.

Effective as of the Dissolution Date: The total amount due from RMC to the Partnership under the formation loans is repayable to the partnership over the course of the Wind-Up Period (as defined in the Plan) from the periodic Dissolution Fees payable to RMC and in accordance with the distribution provisions of the Plan of Dissolution.

Partnership Agreement – Summary (Prior to the Dissolution Date)

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

Net income (losses) are allocated among the limited partners according to their respective capital accounts after one percent (1%) of the net income (losses) are allocated to the general partners. The monthly results are subject to subsequent adjustment as a result of quarterly and year-end accounting and reporting. Investors should not expect the partnership to provide tax benefits of the type commonly associated with limited partnership tax shelter investments.

Federal and state income taxes are the obligation of the partners, other than the annual California franchise tax and the California LLC cash receipts taxes paid by the partnership's subsidiaries. The tax basis in the net assets of the partnership differs from the book basis by the amount of the allowance for credit losses and the amount of the valuation allowance for real estate owned.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The partnership's consolidated financial statements include the accounts of the partnership and its wholly-owned subsidiaries, if any. All significant intercompany transactions and balances have been eliminated in consolidation.

Management estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions about the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Such estimates involve significant level of uncertainty and have had or are reasonably likely to have a material impact on the partnership's financial condition or results of operations. Such estimates relate principally to the determination of the allowance for credit losses (including the fair value of the collateral), and the valuation of real estate owned at acquisition and subsequently. Actual results could differ materially from these estimates.

Fair value estimates

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

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

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, and 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.

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

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

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

Cash in banks

Certain of the partnership's cash balances in banks exceed federally insured limits of $250 thousand. The bank or banks in which funds are deposited are reviewed periodically for their general creditworthiness/investment grade credit rating.

Loans and interest income

Loans are carried at amortized cost, which is generally equal to the unpaid principal balance (principal).

Payments on loans are applied in the following order: accrued interest, advances, and lastly to principal. Late fees and post-maturity/default interest are recognized in the period received, as collectability is not assured until then, and are calculated based on the terms of the note. Pursuant to California regulatory requirements, borrower payments are deposited into a trust account established by RMC with an independent bank (and are presented on the balance sheet as "Loan payments in trust"). Funds are disbursed to the partnership's bank account as collected, which can range from same day for wire transfers and to two weeks after deposit for checks.

Loans are placed on non-accrual status when the manager determines that the primary source of repayment will come from the acquisition by foreclosure (or acquisition by deed in lieu of foreclosure) and subsequent sale of the collateral securing the loan (e.g., a notice of sale is filed and/or when a borrower files for bankruptcy) or when the loan is no longer considered well-secured (i.e., the LTV for the loan based on the estimated net realizable value of the collateral and the total principal, advances and accrued interest (at the note rate) is at or greater than eighty percent (80%), seventy-five percent (75%) for lands outside of metropolitan areas) and the borrower has payments in arrears.

When a loan is placed on non-accrual status, the accrual of interest (and the corresponding recognition of interest revenue) is discontinued – beginning with the then current month – for accounting purposes only; previously recorded interest is not reversed. A loan may return to accrual status when all delinquent loan payments are cured and the loan becomes current in accordance with the terms of the loan agreement and the loan balance is considered well collateralized.

Payments received on loans on non-accrual status are applied using the cash basis method, whereby payments received by the creditor are recorded as interest income provided the amount does not exceed the amount that would have been earned at the asset's original effective interest rate.

Under the Plan of Dissolution, the partnership may sell certain loans when the manager determines it to be in the best interest of the partnership. Loans are classified as held-for-sale once a decision has been made to sell loans and the loans to be held-for-sale have been identified. Loans classified as held-for-sale are carried at the lower of amortized cost or fair value.

In periods prior to the Dissolution Date, performing loans that were maturing or matured could be extended at then current market rates of interest. Such loan extensions were typically deemed to be modifications rather than new originations under GAAP per the manager's evaluation of the changes to terms of the loans.

Allowance for credit losses

The allowance for credit losses is recognized based on current expected lifetime credit losses at the time a loan is originated or acquired. For RMI VIII's loans, generally no loss was expected at origination, given the substantial protective equity (resulting from low LTVs), the predominance of first lien loans, the short duration of the loans, and the property-type and location of the collateral.

The present fair values of the collateral are reassessed periodically (determined by the manager's assessment of markets and/or property types that are deemed possibly to have changed and the time since the last valuation of the loan's collateral) and the resultant protective equity for each loan is determined. As used herein, "protective equity" is the dollar amount by which the net realizable value (i.e., fair value less the cost to sell) of the collateral, net of any senior liens and claims, exceeds the loan balance.

Loan balances (as stated on the Balance Sheets, is the sum of principal, advances and interest) are analyzed on a periodic basis for ultimate recoverability, and the allowance for credit losses is adjusted each period for changes in expected credit losses. The ultimate collectability of the amounts owed is reliant on the estimation of the present fair value of the real property collateral and the remaining time to maturity.

The determination of the probability-of-loss (and, accordingly, the determination of the amount of the allowance for expected credit losses) considers current fair value of collateral and the resultant protective equity, the time to maturity, the lien position, current real estate and financial markets, as well as reasonable and supportable forecasts about future economic scenarios and – to a lesser extent - historical loss experience. The forward-looking estimates consider the likelihood that any combination of events would adversely impact economic conditions and real estate markets in California such that the substantial protective equity existing for the loans would no longer be sufficient to collect the recorded amounts of principal, advances and accrued interest due on the loan.

Expected credit losses are determined on a collective (pool) basis when similar risk characteristic(s) exist. When determining risk characteristics to include in its pooling assessment, the following are most determinant.

- LTV: The ratio of the outstanding loan balance to the fair value of the underlying collateral, and thereby the amount of protective equity of the partnership's loans, is the most determinant attribute at inception of the loan and ongoing in estimating incurred and lifetime expected credit losses. Further to reducing the risk of loss, the partnership's loans are predominantly first mortgages, but second lien deeds of trust are not infrequent nor insignificant.

- Term: The duration (or expected term) of loan is a determinant attribute as the duration of the partnership's loans are less than those of other conventional commercial real estate lenders (e.g., institutions, such as banks, insurance companies, private equity firms), typically in the range of one to three years. The expected duration of the loans (and thereby the forecast period) is shortened further as the loans are written without a prepayment penalty.

- Location and property type: The partnership's loans are secured by commercial and residential real estate in coastal California metropolitan areas, typically in the Bay Area (including Silicon Valley) but also elsewhere in Northern and Southern California.

Given the limited number of loans and the short terms for which the loans are written (and the potentially even shorter duration given that the loans are written without a prepayment penalty), at each reporting date the partnership performs a risk analysis as to real estate market conditions (by property type) in the California areas in which loan collateral is located and performs a loan-by-loan analysis to determine the current net realizable value of the real property collateral and the remaining time to maturity. Loans with similar LTVs are included in pools and the weighted average LTVs in forward periods are forecasted – by lien position – for those loans expected (on a contractual maturity basis) to be then outstanding. No expected extensions, renewals, or modifications are factored in as the partnership's loans do not contain renewal options that can be unconditionally exercised by the borrowers. This methodology/analysis determines if there is any amount outstanding in any future period in the contractual lifetime of the loan(s) in which a real estate market decline in values is expected to occur that would be sufficient to put at risk the collection in full of amounts owed, including accrued interest and advances, if any, secured by the deeds of trust. For loans (and/or pools of loans) for which the LTVs are such that a loss within the contractual lifetime is expected, loan by loan analyses are undertaken using the likelihood of loss and the percentage (and/or amount) of the loss to determine the expected loss.

In arriving at the market determinations above, the manager consults a range of banking, industry and academic studies and forecasts.

If foreclosure (or negotiation of a deed in lieu of foreclosure) is concluded to be probable, the loan is considered to be collateral-dependent and the recorded investment in the loan is adjusted to an amount not to exceed the net realizable value of the real estate and other assets to be acquired, net of senior liens/mortgage debt plus the liabilities to be assumed. The determination of whether a loan is determined to be collateral-dependent requires judgment and considers the status of the loan (i.e., whether legal action has been undertaken to enforce the lender's rights to repayment) and the status of the borrower (e.g., whether the borrower has filed for bankruptcy protection).

For a loan that is deemed collateral dependent for repayment, a provision for credit losses is recorded, if necessary, to adjust the allowance for credit losses by an amount such that the net carrying amount is reduced to the lower of the net realizable value of the related collateral, net of any senior liens/mortgage debt or the loan balance.

Uncollectible loans are charged off directly to the allowance for credit losses once it is determined the full amount is not collectible. Any amounts collected after a charge off is deemed a recovery.

Real estate owned ("REO")

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

Accrued liabilities

Accrued liabilities at December 31, 2025 and 2024 were approximately $1.1 million and $1.4 million, respectively, the significant components of which are accrued professional and consulting fees (approximately $1.1 million and $1.4 million, respectively).

NOTE 3 –GENERAL PARTNERS AND OTHER RELATED PARTIES

Per the Partnership Agreement and continuing after the Dissolution Date, the general partners are entitled to one percent (1%) of profits or losses of the partnership, not including the dissolution fee, and provides for fees and for reimbursement of qualifying expenses, as compensation to the manager, as detailed below.

Dissolution fee

Under the Plan of Dissolution, RMC is entitled to collect the Dissolution Fee, which is equal to 7.0% of each capital distribution to be made to the limited partners, over the course of the wind-up period. The Dissolution Fee amounts received by RMC are intended to first be remitted back to the partnership in satisfaction of amounts owed by RMC on the formation loan and to restore the general partners' capital deficit (i.e., the deficit restoration obligation) required by the Partnership Agreement. Any proceeds of the Dissolution Fee remaining after payment of the formation loan and restoration of the general partners' capital deficit will be retained by RMC. The Dissolution Fee will be treated as an expense of the partnership and included in the allocation of income/losses to limited partners' capital accounts.

Payments on the formation loan received from RMC (upon the receipt by RMC of the Dissolution Fee triggered by the redemption distributions) as of December 31, 2025 have totaled approximately $1.5 million.

Mortgage servicing fees

The manager acting as servicing agent with respect to all loans is entitled to receive a servicing fee of up to 1.5% annually of the unpaid principal balance of the loan portfolio. 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 partnership.

Asset management fees

The general partners are entitled to monthly fees for managing the business and affairs of RMI VIII, including management of the partnership's loan portfolio and operations, of up to 1/32 of 1% of the "net asset value" of the partnership (3/8 of 1% annually).

Costs from RMC

The manager is entitled to request reimbursement for operations expense incurred on behalf of RMI VIII, including without limitation, RMC's personnel and non-personnel costs incurred for qualifying business activities, including investor services, accounting, tax and data processing, postage and out-of-pocket general and administration expenses. Qualifying personnel/compensation costs and consulting fees are tracked by business activity, and then costs of qualifying activities are allocated to RMI VIII pro-rata based on the percentage of RMI VIII's limited partners' capital to the total capital of all related mortgage funds managed by RMC. Certain other non-personnel, qualifying costs such as postage and out-of-pocket general and administrative expenses can be tracked by RMC as specifically attributable to RMI VIII; other non-personnel, qualifying costs (e.g., RMC's accounting and audit fees, legal fees and expenses, occupancy, and insurance premiums) are allocated pro-rata based on the percentage of RMI VIII's partners' capital to total capital of the related mortgage funds managed by RMC.

Formation loan

Commissions for sales of limited partnership units paid to broker-dealers ("B/D sales commissions") were paid by RMC and were not paid directly by the partnership out of offering proceeds. Instead, the partnership advanced to RMC amounts (sufficient up to 7% of offering proceeds) to pay the B/D sales commissions and premiums paid to partners in connection with unsolicited orders. The receivable from the manager arising from these advances is unsecured and non-interest bearing and is referred to as the "formation loan." Since its inception, these advances totaled $22.6 million, of which $1.2 million was outstanding at December 31, 2025.

Formation loan transactions are presented in the following table ($ in thousands).

	2025	2024
Balance, January 1	$ 2,414	$ 2,702
Payments received from RMC	(1,239)	(288)
Balance, December 31	$ 1,175	$ 2,414

As discussed above under "Dissolution Fee", RMC is entitled to collect the Dissolution Fee, which is equal to 7.0% of each capital distribution to be made to the limited partners, over the course of the wind-up period to satisfy amounts owed by RMC on the formation loan and to restore the general partners' capital deficit (i.e., the deficit restoration obligation) required by the Partnership Agreement.

Payments on the formation loan received from RMC (upon the receipt by RMC of the Dissolution Fee triggered by the redemption distributions) as of December 31, 2025 have totaled approximately $1.5 million.

Limited partners' capital – redemption distributions

Redemption distributions made to redeem in full limited partners accounts with balances of $10 thousand and pro rata to all limited partners in 2025 and 2024 totaled approximately $17.6 million and $3.8 million, respectively.

Other transactions with related mortgage funds and the manager

- *Payable to/receivable from related mortgage funds and the manager*

From time to time, in the normal course of business operations, the partnership may have payables to and/or receivables from related parties. At December 31, 2025, the payable to related parties of approximately $24 thousand consisted exclusively of accounts payable and cost reimbursements to the manager. The receivable from related parties of approximately $2 thousand consisted exclusively of accounts receivable from a related mortgage fund.

At December 31, 2024, the payable to related parties of approximately $61 thousand consisted exclusively of accounts payable and cost reimbursements to the manager. There were no receivables from related mortgage funds or the manager at December 31, 2024.

- *Loan transactions with related parties*

In the ordinary course of business, performing loans may be transferred by executed assignment, in-part or in-full, between the RMC managed mortgage funds at par which approximates market value.

In 2025 and 2024, no loans were transferred from related mortgage funds to RMI VIII. No loans were transferred to related mortgage funds from RMI VIII.

- *Promissory note received from/repaid to related parties*

In June 2023, RMI VIII borrowed from a related mortgage fund $3.3 million secured by the net cash flow payable on three mortgage loans totaling approximately $7.5 million. The promissory note payable to the related mortgage fund was secured by all proceeds payable to RMI VIII upon the payoff or repayments of the pledged mortgage loans, net of any amounts outstanding by RMI VIII on its line of credit secured by the pledged mortgage loans. Interest on the loan accrued at 8.75% per annum. The promissory note was paid in full in February 2024.

In May 2024, a related mortgage fund borrowed $420 thousand from RMI VIII pursuant to a secured promissory note issued by the related mortgage fund (the "May Note"). The May Note was secured by all proceeds payable to the related mortgage fund under a single mortgage loan in the principal amount of $9.1 million with a contractual maturity date of June 1, 2027. The maturity date for the May Note was July 15, 2024. All obligations of the related mortgage fund under the May Note were satisfied in full on May 31, 2024.

In June 2024, a related mortgage fund borrowed $1.7 million from RMI VIII pursuant to an unsecured promissory note issued by the related mortgage fund (the "June Note"). The loan evidenced by the June Note was an unsecured obligation of the related mortgage fund with a contractual maturity date of August 12, 2024. In June 2024, $1.2 million was repaid to RMI VIII and the remaining $500 thousand was repaid to RMI VIII in July 2024.

NOTE 4 – LOANS

Prior to the Dissolution Date, loans were generally funded at a fixed interest rate with a loan term of up to five years and loans acquired between related mortgage funds were generally done so within the first six months of origination and were purchased at par value, which approximated fair value.

The partnership's loans are secured by real estate in coastal California metropolitan areas. The portfolio segments are first and second trust deeds mortgages and the key credit quality indicator is the LTV. First-mortgage loans comprised 92% of the portfolio at December 31, 2025 (72% at December 31, 2024).

Secured loans unpaid principal balance (principal)

Secured loan transactions are summarized in the following table ($ in thousands).

	2025			2024		
	Total	First Trust Deeds	Second Trust Deeds	Total	First Trust Deeds	Second Trust Deeds
Principal, beginning of year	$ 25,183	$ 18,254	$ 6,929	$ 47,635	$ 44,890	$ 2,745
Loans funded[1]	2,000	2,000	—	—	—	—
Principal collected	(8,502)	(5,219)	(3,283)	(16,917)	(15,410)	(1,507)
Loan transferred to unsecured[2]	(2,415)	—	(2,415)	—	—	—
Recategorized[2]	—	—	—	—	(5,691)	5,691
Loan to REO acquired by foreclosure	—	—	—	(2,105)	(2,105)	—
Loans sold to non-affiliate	—	—	—	(3,430)	(3,430)	—
Principal, end of year	$ 16,266	$ 15,035	$ 1,231	$ 25,183	$ 18,254	$ 6,929

(1) In August 2025, the partnership sold a REO consisting of a single-family residence and facilitated the transaction with financing a $2.0 million first mortgage note at 6% interest, maturing in August 2026.

(2) Partial release of security by the reconveyance of the first lien deed of trust (the primary collateral) was affected (pursuant to the terms of the note) after receipt in December 2024, of the proceeds from the sale of the primary collateral (by the borrower) which resulted in a reduction of the unpaid principal balance of approximately $2.3 million; the second lien deed of trust thereby became the primary collateral and the loan was reclassified in the above table. In April 2025, the collateral securing the loan (with a second trust deed) was sold, and the partnership received approximately $7.3 million, comprised of proceeds from the sale plus cash contributed to the escrow per an agreement with the borrower. The proceeds were applied, as follows: first, approximately $3.8 million to the payment in full of the acquired (in December 2024) first-lien mortgage note; and second, approximately $3.5 million to the second-lien note, of which approximately $3.3 million was applied to principal (and is included in 'Principal collected'). The resulting unpaid principal balance approximated $2.4 million was reclassified as an unsecured loan, for which a provision for credit losses was recorded in 2024. See *Allowance for credit losses/provision (recovery)* in Note 4.

In December 2024, the partnership received a secured note from a borrower with a principal of $1.0 million and bearing interest at 11.00% per annum, with monthly payments of principal and interest such that full amount owed is paid at maturity in 2027. The note refinanced a previously existing note with the same borrower that matured in 2024 with a principal of $1.25 million and interest only payments at a rate of 7.25% per annum and was paid in full in May 2025.

In April 2024, the partnership acquired by foreclosure the property that collateralized a secured loan with a balance of approximately $2.4 million (principal of $2.1 million and approximately $306 thousand of interest).

In 2024, one loan with principal of $3.4 million was sold at par to an unaffiliated third party. Interest accrued of approximately $98 thousand was charged off.

In 2025 and 2024, the partnership collected post-maturity and default interest – above the note rate of $0 and $343 thousand, respectively.

As of December 31, 2025, there were no construction or rehabilitation loans outstanding.

Loan characteristics

Secured loans had the characteristics presented in the following table ($ in thousands).

	December 31, 2025	December 31, 2024
Secured loans	5	7
First trust deeds	4	5
Second trust deeds	1	2
Secured loans – principal	$ 16,266	$ 25,183
First trust deeds	$ 15,035	$ 18,254
Second trust deeds	$ 1,231	$ 6,929
Secured loans – lowest interest rate (fixed)	6.0%	8.0%
Secured loans – highest interest rate (fixed)	10.8%	11.0%
Average secured loan – principal	$ 3,253	$ 3,598
Average principal as percent of total principal	20.0%	14.3%
Average principal as percent of partners' capital, net of formation loan	12.9%	8.4%
Average principal as percent of total assets	12.3%	7.9%
Largest secured loan – principal	$ 8,605	$ 8,689
Largest principal as percent of total principal	52.9%	34.5%
Largest principal as percent of partners' capital, net of formation loan	34.1%	20.3%
Largest principal as percent of total assets	32.6%	19.0%
Smallest secured loan – principal	$ 880	$ 880
Smallest principal as percent of total principal	5.4%	3.5%
Smallest principal as percent of partners' capital, net of formation loan	3.5%	2.1%
Smallest principal as percent of total assets	3.3%	1.9%
Number of California counties where security is located	4	6
Largest percentage of principal in one California county	52.9%	34.5%

As of December 31, 2025, three loans with an aggregate principal of approximately $6.4 million provide for monthly payments of interest only, with the principal due at maturity, and two loans with an aggregate principal of approximately $9.8 million (representing approximately 60% of the aggregate principal of the partnership's loan portfolio) provide for monthly payments of principal and interest, typically calculated on a 30-year amortization, with the remaining principal due at maturity.

As of December 31, 2025, there was one loan in second lien position. The principal of the loan was approximately $1.2 million as of December 31, 2025 and the LTV at loan origination (OLTV) was 65.7%. The loan was performing as of December 31, 2025 and was paid off in February 2026.

As of December 31, 2025, there were three loans with principal in excess of 10% of the total outstanding principal. The aggregate principal of these loans was approximately $14.2 million as of December 31, 2025 and the weighted average LTV at loan origination was 37.5%.

- The partnership's largest loan, with principal of approximately $8.6 million (OLTV 25.0%), is secured by a commercial building in the City of San Jose in Santa Clara County, bears an interest rate of 8.375% and matures on July 1, 2027.
- The second loan, with principal of approximately $3.6 million (OLTV 59.2%), is secured by a commercial/mixed use building in the City of Fairfield in Solano County, bears interest at a rate of 7.990% per annum and matures on February 1, 2027.
- The third loan, with principal of approximately $2.0 million (OLTV 53.2%), which was made to facilitate an REO sale of a single family residential property in the City of Los Angeles in Los Angeles County, is secured by a first lien on the property, bears interest at a rate of 6.000% per annum and matures on September 1, 2026.

Lien position/OLTV

Secured loans had the lien positions presented in the following table ($ in thousands).

	December 31, 2025			December 31, 2024		
	Loans	Principal	Percent	Loans	Principal	Percent
First trust deeds	4	$ 15,035	92%	5	$ 18,254	72%
Second trust deeds	1	1,231	8	2	6,929	28
Total principal, secured loans	5	16,266	100%	7	25,183	100%
Liens due other lenders at loan closing		4,915			8,051	
Total debt		$ 21,181			$ 33,234	
Appraised property value at loan closing		$ 55,210			$ 85,150	
OLTV (weighted average)		40.6%			41.9%	

At the time each loan was funded, the LTV was such that the protective equity in the collateral securing the loan was expected to be sufficient to preclude any expected credit losses of the principal of the loan, except where there is a forward period adverse event that is uninsured and/or there are market conditions so adverse (and are other-than-temporary) that the protective equity is reduced to an amount not sufficient to recover the principal owed.

Secured loans, principal by OLTV and lien position at December 31, 2025 are presented in the following table ($ in thousands).

	Secured loans, principal							
OLTV(3)	First trust deeds	Percent	Count	Second trust deeds	Percent	Count	Total principal	Percent
<40%	$ 8,605	52.9%	1	$ —	0.0%	—	$ 8,605	52.9%
40-49%	—	0.0	—	—	0.0	—	—	0.0
50-59%	6,430	39.5	3	—	0.0	0	6,430	39.5
60-69%	—	0.0	—	1,231	7.6	1	1,231	7.6
Subtotal <70%	15,035	92.4	4	1,231	7.6	1	16,266	100.0
≥70%	—	0.0	—	—	0.0	—	—	0.0
Total	$ 15,035	92.4%	4	$ 1,231	7.6%	1	$ 16,266	100.0%

(3) LTV classifications in the table above are based on principal, advances and interest unpaid at December 31, 2025.

Property type

Secured loans summarized by property type are presented in the following table ($ in thousands).

	December 31, 2025			December 31, 2024		
	Loans	Principal	Percent	Loans	Principal	Percent
Single family[4]	2	$ 3,231	20%	1	$ 1,238	5%
Multi-family	—	—	0	1	1,000	4
Commercial						
Office	—	—	0	1	4,135	16
Retail	1	880	5	1	880	4
Commercial – Other	2	12,155	75	3	17,930	71
Commercial Total	3	13,035	80	5	22,945	91
Total principal, secured loans	5	$ 16,266	100%	7	$ 25,183	100%

(4) Single family includes one to four unit residential buildings, condominium units, townhouses and condominium complexes. At December 31, 2025, single family consisted of two loans with aggregate principal of approximately $3.2 million that is non-owner occupied. At December 31, 2024, single family consisted of two loans with aggregate principal of approximately $1.2 million that are non-owner occupied.

Distribution of secured loans-principal by California counties

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

	December 31, 2025		December 31, 2024	
	Principal	Percent	Principal	Percent
San Francisco Bay Area[5]				
San Francisco	$ —	0.0	$ 6,691	26.6%
Santa Clara	8,605	52.9	8,689	34.5
Solano	3,550	21.8	3,550	14.1
Alameda	1,231	7.6	1,238	4.9
Northern California Total	13,386	82.3	20,168	80.1
Southern California Coastal				
Los Angeles	2,880	17.7	880	3.5
Orange	—	0.0	4,135	16.4
Southern California Total	2,880	17.7	5,015	19.9
Total principal, secured loans	$ 16,266	100.0%	$ 25,183	100.0%

(5) Includes Silicon Valley

Scheduled maturities/Secured loans-principal

Secured loans scheduled to mature in periods as of and after December 31, 2025 are presented in the following table ($ in thousands).

				First Trust Deeds		Second Trust Deeds	
	Loans	Principal	Percent	Loans	Principal	Loans	Principal
2026	2	$ 3,231	20%	1	$ 2,000	1	$ 1,231
2027	2	12,155	75	2	12,155	—	—
Matured(6)	1	880	5	1	880	—	—
Total principal, secured loans	5	$ 16,266	100%	4	$ 15,035	1	$ 1,231

(6) See Delinquency/Secured loans below for more information on matured loans.

Delinquency/Secured loans

At December 31, 2025 and December 31, 2024, there were no loan forbearance agreements in effect. At December 31, 2025, there was one loan past due 30 days. The loan matured in October 2025, had an unpaid principal balance of $880 thousand, was in first lien position and had monthly interest payments in arrears of approximately $7 thousand at December 31, 2025.

Non-accrual status/Secured loans

At December 31, 2024, one loan with principal of $5.7 million (and no advances owed) plus foregone interest of $34 thousand was designated non-accrual. The loan was paid in full in August 2025.

Mortgage note acquired with more-than-insignificant credit impairment since origination

In December 2024, the partnership acquired a first-lien mortgage note secured by property (a hotel in San Francisco on which the partnership had a second lien) from a lending bank at par (approximately $3.7 million), as the bank had filed a notice-of-sale, with a foreclosure sale imminent. The acquired loan is presented on the balance sheet as 'Mortgage note acquired'. The principal of the second lien note which the partnership held was approximately $5.7 million. No allowance for credit losses was recorded at acquisition as the first-lien was deemed well collateralized. In April 2025, the first-lien mortgage note was paid in full from the proceeds from the sale of the hotel, and the second-lien mortgage was paid down to $2.4 million for which a provision for credit loss was recorded in 2024 as discussed below under "Allowance for credit losses".

Allowance for credit losses

Activity in the allowance for credit losses for 2025 and 2024 are presented in the following table ($ in thousands).

	2025		2024
	Secured loans	Unsecured loans	Secured loans
Balance, January 1	$ 2,540	$ —	$ 160
Reclassification	(2,415)	2,415	—
Charge-off	—	(1,344)	—
Recovery of credit losses	(147)	(1,137)	—
Provision for credit losses	122	66	2,539
Charge-off – loan sale	—	—	(49)
Charge-off – loan to REO acquired by foreclosure	—	—	(110)
Balance, December 31	$ 100	$ —	$ 2,540

Each secured loan is reviewed quarterly for its delinquency, LTV adjusted for the most recent valuation of the underlying collateral, remaining term to maturity, borrower's payment history and other factors.

At December 31, 2024, one secured loan (matured April 1, 2023) with an unpaid principal balance of approximately $5.7 million, which was secured by a second lien on a hotel in San Francisco, was deemed to be collateral dependent. The partnership recorded a provision for credit loss of $2.4 million on the loan, which represented the difference between the amounts owed to the partnership and the net realizable value of the remaining underlying collateral less amounts owed to the first-lien holder and delinquent property taxes.

In April 2025, the hotel was sold, and the partnership received approximately $7.3 million, comprised of proceeds from the sale plus cash contributed to the escrow per an agreement with the borrower. The proceeds were applied, as follows: First, approximately $3.8 million to the payment in full of the acquired (in December 2024) first-lien mortgage note; and second, approximately $3.5 million to the second-lien mortgage note as follows: approximately $185 thousand payment in full of interest then owed, approximately $35 thousand payment in full of advances then owed, and approximately $3.3 million to pay down principal. The resulting unpaid principal balance approximated $2.4 million, which was reclassified as an unsecured loan, and for which a provision for credit losses was recorded in 2024.

In the quarter ended June 30, 2025, a recovery of credit losses of approximately $1.2 million was recorded when the terms of a sales contract for a cell tower installed at the hotel were completed and the conditions precedent to the sale (and certain contingencies) were expected to be met and/or released. In August 2025, the sale was completed, and the partnership received $1.1 million from the sale of the future rents. The remaining unpaid principal of approximately $1.3 million was charged off, as it was deemed uncollectible.

The number of secured loans and their principal and weighted average OLTV at December 31, 2025 and the projected number of secured loans at year-end in 2025 through 2027 and their projected principal and weighted average OLTV based on contractual maturities (by lien position) are presented in the following table ($ in thousands).

				First Trust Deeds			Second Trust Deeds		
	Loans	Principal	OLTV	Loans	Principal	OLTV	Loans	Principal	OLTV
December 31, 2025	5	$ 16,266	41%	4	$ 15,035	39%	1	$ 1,231	66%
December 31,									
2026	2	12,155	35	2	12,155	35	—	—	0
2027	—	—	0	—	—	0	—	—	0

NOTE 5 – REAL ESTATE OWNED (REO) AND MORTGAGES PAYABLE

REO transactions and valuation adjustments for 2025 and 2024 are summarized in the following tables ($ in thousands).

	2025		
	REO	Valuation Allowance	REO, net
Balance, beginning of year	$ 15,018	$ (504)	$ 14,514
Valuation allowance adjustment	—	(251)	(251)
Dispositions	(5,727)	—	(5,727)
Balance, December 31, 2025	$ 9,291	$ (755)	$ 8,536

	2024		
	REO	Valuation Allowance	REO, net
Balance, beginning of year	$ 12,782	$ (50)	$ 12,732
Acquisitions from foreclosure	2,236	—	2,236
Valuation allowance adjustment	—	(454)	(454)
Balance, December 31, 2024	$ 15,018	$ (504)	$ 14,514

REO at December 31, 2025 was comprised of three properties with an aggregate carrying value of approximately $8.5 million.

- In Los Angeles County (Hollywood Hills), one SFR that sold in January 2026 for an amount that – net of sales costs – approximated the carrying value at December 31, 2025 ($1.6 million including a previously recorded valuation allowance of $651 thousand – $251 thousand of which was recorded in 2025 in anticipation of the sale).
- In San Francisco, a multi-family building acquired (and possession was taken) in December 2023 by deed in lieu of foreclosure, to be converted and sold to tenants-in-common.
- In San Francisco, a real estate interest comprised of a condominium unit consisting of storage lockers and the signage rights for the exterior façade of the building.

In August 2025, one single family residence (SFR) in Los Angeles County was sold for an amount that – net of sales costs – approximated the carrying cost of the REO ($3.5 million). RMI VIII facilitated the transaction with the financing of a $2.0 million mortgage note at 6% interest maturing in September 2026 which is secured by a first lien on the property.

In June 2025, a condominium unit sold for $2.4 million and the net proceeds to the partnership approximated the carrying value of $2.2 million. The condominium unit was acquired in April 2024 by foreclosure sale.

Hollywood Hills SFRs

Two Hollywood Hills SFRs were acquired in June 2020 by foreclosure. The borrower contested the foreclosure, including a post-foreclosure eviction proceeding and other related legal actions. The partnership secured possession and control of the SFRs and paid an agreed upon amount of $127 thousand in July 2024 upon surrender of the properties and compliance with other terms, including a general release of all known and unknown claims. Both SFRs were listed for sale in May 2025, and in August 2025 the larger of the two SFRs sold. The second home was sold in January 2026.

San Francisco multi-family

The multi-family building in San Francisco was acquired (and possession was taken) on December 30, 2023, by a deed in lieu of foreclosure and a corresponding transfer agreement. The building's net realizable value was determined based on the present value of expected cash flows, including sales proceeds (net), conversion cost (to tenants-in-common), repair and upgrade costs and operating costs (net of rental income), discounted at a market rate of return.

San Francisco real estate interest

The storage lockers and the signage rights are being offered for sale.

REO, net

REO, net in operations expense on the consolidated income statements is comprised of the following ($ in thousands).

	2025	2024
Holding costs, net of other income	$ (765)	$ (505)
Gain on sale	32	—
Valuation allowance adjustments	(251)	(454)
REO, net	$ (984)	$ (959)

Holding costs, net of other income, include month-to-month rental income of approximately $148 thousand and $195 thousand in 2025 and 2024, respectively. These amounts relate to a multi-family building, unit-storage lockers, and signage located in San Francisco County.

NOTE 6 – FAIR VALUE

The following methods and assumptions are used when estimating fair value (Level 3 inputs).

Secured loans/performing

The fair value of the partnership's secured loan balances is deemed to approximate the amortized cost.

- Terms to maturity are typically one to five years at origination and are shorter than commercial real estate loans by conventional/ institutional lenders and conventional single-family home mortgage lenders;

- Loans are written without a prepayment penalty causing uncertainty/a lack of predictability as to the expected duration; and
- Interest rates are at a premium to rates charged by conventional lenders.

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

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

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

Multi-family residential – Management's preferred method for determining the aggregate retail value of its multifamily units is the sale comparison method. Sale comps are typically provided in appraisals, or by realtors who specialize in multi-family residential properties. 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.

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

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

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

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

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

NOTE 7 – LINE OF CREDIT

At December 31, 2024, the term note (to which the line of credit had been converted in March 2024) was paid in full. The line of credit had $7.1 million outstanding at January 1, 2024. Amortized debt issuance costs included in interest expense approximated $7 thousand for 2024. Debt issuance costs of approximately $57 thousand from the modification agreement were amortized over the two-year term of the note.

As of March 13, 2024, in conjunction with the Plan of Dissolution, the line of credit was converted to a term note of approximately $4.7 million with monthly principal and interest payments of approximately $56 thousand (10 year amortization, beginning April 2024) and quarterly principal reduction payments (beginning June 2024) at amounts sufficient to satisfy the debt in full by March 2026. The partnership had no obligation to maintain a loan payment delinquency rate (described below) as the outstanding principal balance of borrowings had been reduced to below $5.0 million, and non-compliance with the debt service coverage covenant (unless coincident with another covenant violation) did not accelerate the payment terms. Payoffs of loans pledged to secure the term note continued to be applied to the reduction of the principal outstanding on the term note.

NOTE 8 – COMMITMENTS AND CONTINGENCIES OTHER THAN LOAN AND REO COMMITMENTS

Commitments

Note 3 (General Partners and Other Related Parties) presents detailed discussion of the partnership's contractual obligations to RMC and detail of limited partners' capital at December 31, 2025.

Legal proceedings

As of December 31, 2025, the partnership was not involved in any legal proceedings or governmental proceedings other than those that would be considered part of the normal course of business as discussed below and no such legal proceedings were terminated during the year ended 2025.

In the normal course of its business, the partnership may become involved in legal proceedings (such as bankruptcy proceedings, judicial foreclosures, appointment of receivers, assignment of rents, unlawful detainers, etc.) to collect the debt owed under the promissory notes, to enforce the provisions of the deeds of trust, to protect its interest in the real property subject to the deeds of trust and to resolve disputes with borrowers, lenders, lien holders and mechanics. None of these actions, in and of themselves, typically would have any material financial impact to the net income or balance sheet of the partnership.

NOTE 9 – SUBSEQUENT EVENTS

The manager/general partner evaluated subsequent events that have occurred after December 31, 2025, and determined that, except for the REO sale in January 2026 disclosed Note 5 and the loan payoff in February 2026 disclosed in Note 4 to the consolidated financial statements, there were no other events or transactions that require recognition or disclosure in the consolidated financial statements.