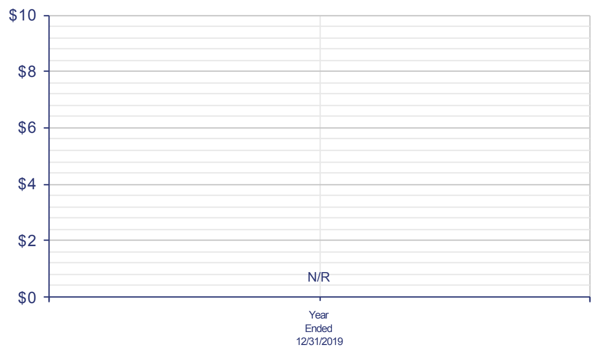
Redwood Mortgage Investors X, LLC

Summary Information

Type:	Private
Structure:	Limited Liability Company
Sector:	Real Estate Securities
Offering Start Date:	11/15/2019
Escrow Break Date:	Not Applicable
Expiration Date:	12/31/2022
Capital Raised:	$0
Capital Raised as of Date:	11/15/2019
Maximum Offering:	$50,000,000

Cumulative Capital Raise

Amount in thousands



Program Information

Updated:	1/24/2020
Quarterly Updated:	1/24/2020

Sponsor:	Redwood Mortgage Corp.
Publicly Traded Sponsor:	No
Managing Broker Dealer:	No Reference

Program:	Redwood Mortgage Investors X, LLC
Website:	http://www.redwoodmortgageinvestors.com/
Publicly Traded Program:	No
Default License Requirements:	(7) or (22) or (65) or (66) *Firm licensing requirements may differ from those above.*
SEC Central Index Key:	0001795153
Registration Type:	Private
Registration Form:	Form D – 506(b) (General Solicitation is not Allowed)
Structure:	Limited Liability Company
Sector:	Real Estate Securities

Tax Information:	K-1
Tax Forms Sent:	Not Applicable

Sponsor Representative (12/13/2019)

Subsequent Offering Options:	No Reference

Audited Financial Statements:	Yes

Members will receive semi-annual financial reports (unaudited) and annual reports, including audited financial statements.

PPM (11/15/2019), p. 9

Current Offering Documents:

PPM (11/15/2019)

Subscription Documents:

Tier BD Subscription Agreement (11/15/2019)
Tier RIA Subscription Agreement (11/15/2019)

SEC Edgar Link:

View all SEC filings

Current Offering Details

General Information:

Redwood Mortgage Investors X, LLC ("RMI X" or the "Fund") is a Delaware limited liability company formed in September of 2019 to engage in the business of mortgage lending and investing. Loans made or acquired by the Fund will be secured by first and second deeds of trust encumbering primarily residential and commercial real estate located in California and, to a lesser extent, in other states. The Fund intends to hold its loan investments through repayment; however, the Fund may also engage in opportunistic loan sales to third parties.

RMI X is externally managed by Redwood Mortgage Corp., a California corporation ("RMC" or the "Manager"). RMC will be responsible for selecting, arranging and servicing Fund loans, and will provide the personnel and services necessary to conduct the Fund's business.

The Fund is comprised of two membership "tiers" designated "Tier BD" and "Tier RIA" and the Fund is offering qualified investors the right to purchase membership interest Units in either Tier BD ("BD Units") or Tier RIA ("RIA Units").

PPM (11/15/2019), cover

Name:	Redwood Mortgage Investors X, LLC
Offering Start Date:	11/15/2019
Expiration Date:	12/31/2022 Units will be offered from the date of this Private Placement Memorandum ("Memorandum") through December 31, 2022, subject to early termination by the Manager (the "Offering Period").
Capital Raised:	$0 as of 11/15/2019
Capital Raise Remaining (approximate):	$50,000,000

PPM (11/15/2019), cover

Escrow Break Amount:	Not Applicable
Escrow Break Date:	Not Applicable

The Units are being offered on a "best efforts" basis, which means that no one is guaranteeing any minimum number of Units will be sold. The Fund will begin investing in loans when a minimum of 250,000 Units ("Minimum Offering") have been sold.

PPM (11/15/2019), cover

Maximum Life:	No Reference

Expected Life:	December 31, 2031

Following the Offering period, the Fund is expected to have a term of approximately nine (9) years followed by dissolution and a wind-down period of approximately two (2) years (the "Dissolution Period"). RMI X will be dissolved on December 31, 2031 ("Scheduled Dissolution Date"), unless earlier dissolved by the Manager or the Scheduled Dissolution Date is extended by the Manager with the affirmative consent of Members holding more than 50% of the total percentage interests in the Fund (a "Member Majority"). The Scheduled Dissolution Date of the Fund is December 31, 2031.

PPM (11/15/2019), cover, p. 4

Maximum Offering:	$50,000,000

PPM (11/15/2019), cover

Sponsor Equity Contribution:	No Reference

Share Class	Price per Share	As of Date	Description	CUSIP
Tier BD	$1.00	11/15/2019	Subject to underwriting compensation of up to 7.0% and	Not Provided

			organization and offering expenses of up to 2.0%. Underwriting Compensation is expected to be comprised of commissions equal to 6.0% of the gross purchase price for BD Units and marketing reallowance fees equal to 1.0% of the gross purchase price paid for BD Units.	
Tier RIA	$1.00	11/15/2019	Subject to organization and offering expenses of up to 2.0%.	Not Provided

BD Units represent membership interests in Tier BD ("BD Interests") and will be issued to investors acquiring their interests through SEC registered broker-dealers participating in the offering ("BD Members"). RIA Units represent membership interests in Tier RIA ("RIA Interests") and will be issued to investors that acquire their interests through a registered investment advisor or directly from the officers or employees of the Fund ("RIA Members").

PPM (11/15/2019), cover, pp. 6-7, p. 55, Exhibit A, p. 6

Distribution Reinvestment: Yes

Upon subscription for Units, a Member must elect whether to receive quarterly distributions from the Fund or to have their share of net income credited to their Capital Accounts and compounded quarterly over the Fund term. Elections to switch from compounding to receiving distributions, or vice versa, may be made by giving the Manager notice of such election not less than fifteen (15) days prior to the next calendar quarter for which the election is to be made effective. Change notices received within fifteen (15) days of the last day of any calendar quarter may be made effective by the Manager as of the last day of the next calendar quarter following receipt. Members electing to switch from receiving distributions to compounding must also meet the suitability standards and other requirements for investing in the Fund at the time such election is made.

Members that elect to forego cash distributions and to compound their earnings will have the amount of their Quarterly Syndication Cost Reimbursement netted from the allocable amount of net income otherwise to be credited to their Capital Accounts each quarter on or about the time that quarterly distributions are made to the Members electing such distributions. If net income allocable to any Member in any quarter is less than the amount of any Quarterly Syndication Cost Reimbursement due in that quarter, the resulting deficiency amount will be deducted from the applicable Member's Capital Account.

Net income allocable to compounding Members retained by the Fund is available for investing in loans or for other business purposes. The additional earnings from these loans will be allocated among all Members; however, compounding Members will be credited with an increasing share of the net income of the Fund than Members who receive quarterly distributions since their Capital Accounts (upon which the Member's Percentage Interests are calculated) will increase over time.

PPM (11/15/2019), p. 7, pp. 13-14, pp. 22-23, p. 58

Valuation Information:

A valuation has been completed: No

Minimum Initial Investment:

Non-Qualified: $25,000

Qualified: $25,000

Less than the minimum may be accepted.

The minimum subscription amounts applicable to new Members and existing members are $25,000 and $10,000, respectively; however, the Manager may accept subscriptions in lesser amounts at any time in its sole discretion.

The Fund will limit subscriptions for Units from ERISA plan investors such that, immediately after each sale of Units, ERISA plan investors will hold less than 25% of the total outstanding membership interest in the Fund.

PPM (11/15/2019), cover, p. ii, p. 49, p. 55

Minimum Additional Investment:

Non-Qualified: $10,000

Qualified: $10,000

Less than the minimum may be accepted.

PPM (11/15/2019), cover, p. ii, p. 55

UBTI Generation: Yes

Although the Manager uses 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, the Manager expects that some portion of Fund 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.

PPM (11/15/2019), pp. 44-45

Suitability and State Filings

Investment Time Horizon: Long-term

Investors should be aware that they are expected to bear the financial risks of this investment for the full term of the fund and through the liquidation of its assets. It is currently anticipated that this period will exceed ten (10) years. Beginning ninety (90) days from the date a Member is admitted and prior to the Fund's dissolution, a Member may withdraw all or part of their invested capital subject to certain limitations set forth in the Operating Agreement. The amount received by a Member withdrawing prior to the Scheduled Dissolution Date will be: (i) based upon a Members' Original Capital Investment, adjusted to reflect any retained income or losses reflected in the Member's Capital Account, and (ii) made after deduction of a "Surrender Charge" based upon the Member's Membership Tier and the date a Member's withdrawal request is received. See *Share Redemption Program.*

PPM (11/15/2019), p. ii, pp. 7-8

Generally Applied Financial Requirements:	Accredited Investors

All Accredited Investors must be of substantial means with no need for liquidity with regard to this investment and must meet certain eligibility and suitability standards.

To qualify as an Accredited Investor an individual (i.e., natural person) must be one of the following:
• An individual whose individual net worth, or whose joint net worth with such individual's spouse, at the time of purchase, exceeds $1,000,000 (exclusive of the net value of the individual's primary residence); or
• An individual whose individual income exceeded $200,000 in each of the two most recent calendar years, and who has a reasonable expectation of reaching the same income level in the current calendar year; or
• An individual whose joint income with his/her spouse exceeded $300,000 in each of the two most recent calendar years, and who has a reasonable expectation of reaching the same income level in the current year.

PPM (11/15/2019), p. 1

State Filings:

The deadline for state-level Rule 506 notice filings generally is the same as the deadline for filing a Form D with the SEC: 15 calendar days after the date of first sale. However, the filing deadline in a specific state is based on the date of the first sale in that state, not the first sale in the overall offering. New York is a notable exception because it requires the filing be submitted before any offers or sales are made in the state.

Objectives and Risks

Investment Objectives

General Objective:	Income
	PPM (11/15/2019), cover, p. 3

Investment Objective:	Yield a favorable rate of return from the Fund's business of making and/or investing in mortgage loans.		
	PPM (11/15/2019), cover, p. 3		
Balancing Risks:	Downturns in the economy and real estate market in the San Francisco Bay Area and the coastal metropolitan regions of Southern California or on a regional or national scale The Fund may make loans throughout California and may invest up to 15% of its capital in other states; however, Fund loans will predominantly be made and secured by properties located in nine counties that comprise the San Francisco Bay Area. The Fund's anticipated concentration of loans in the San Francisco Bay Area and the coastal metropolitan regions of Southern California exposes the Fund to greater risk of loss if the economy in the San Francisco Bay Area and the coastal metropolitan regions of Southern California weaken than would be the case if a greater percentage of Fund loans were spread throughout California or the U.S.	The Fund could suffer defaults on the loans in its portfolio and may have to foreclose on the underlying real estate collateral The Fund is in the business of lending money and, as such, takes the risk of defaults by borrowers and other risks faced by lenders. Fluctuations in interest rates and the unavailability of financing could adversely affect the ability of borrowers to refinance their loans at maturity or to sell the underlying property. If the borrower defaults, the Fund may be forced to purchase the property at a foreclosure sale. If the Fund cannot quickly sell such property, and/or the property does not produce any significant income, the Fund's profitability will be adversely affected. Further, the property's condition might deteriorate by the time the Fund obtains possession of the property.	The value of the real estate securing Fund Loans may be insufficient to protect its investment Appraisals relied on by the Fund to determine the fair market value of properties securing Fund loans may be inaccurate or may not reflect subsequent events increasing risks of loss.
	PPM (11/15/2019), pp. 29-30	PPM (11/15/2019), pp. 30-31	PPM (11/15/2019), p. 31

Investment Objective:	Preserve and protect Fund capital by making and/or investing in mortgage loans secured primarily by California real estate with up to 15% secured by properties in other states.		
	PPM (11/15/2019), cover, p. 3		
Balancing Risks:	The Units are speculative and contain risks Prospective investors should be aware that the Units are speculative and contain risks suitable only for investors of adequate financial means. Members that cannot afford to lose their entire investment, should not invest in Units. Members should not assume that the Units are a suitable and appropriate investment for them if the Fund accepts their investment and should consult with their own qualified investment professional in this regard.	Risks related to private money mortgage loans The Fund may make or invest in loans to borrowers that are less creditworthy than those who can satisfy bank and other institutional lenders' credit requirements or who cannot satisfy such lenders' income documentation requirements, which is one reason the Fund can charge a premium on its loans. Fund loans will also be made on an asset rather than credit basis. Such loans involve numerous risks. The occurrence of any of these events for a borrower could lead to a default on a Fund loan, potentially causing losses and extra costs to the Fund, which may lead to lower returns or losses for investors.	A decline in real estate values may impair the collateral for Fund loans Declining real estate values will increase the probability of a loss in the event of a borrower default on Fund loans. If a significant number of borrowers were to default, and if the collateral were insufficient, the Fund would suffer a loss and Members could lose some or all of their investment.
	PPM (11/15/2019), p. 43	PPM (11/15/2019), p. 29	PPM (11/15/2019), p. 32

Investment Objective:	Generate and distribute cash flow to electing Members from these mortgage lending and investing activities.		
	PPM (11/15/2019), cover, p. 3		
Balancing Risks:	Fluctuations in interest rates	Should the Fund make Junior Loans, it will face additional risks if the debtor defaults	Should the Fund make Land Loans, it will be subject to the additional risks associated with undeveloped land
	Mortgage interest rates are subject to abrupt and substantial fluctuations, but the right of Members to withdraw capital from the Fund is subject to substantial restriction and penalties and Units are a relatively illiquid investment. If prevailing interest rates rise above the average interest rate being earned by the Fund's loan portfolio, Members may wish to liquidate their investment in order to take advantage of higher returns available from other investments but may be unable to do so.	Fund loans may be secured by second priority loans. To the extent the Fund makes or invests in Junior Loans and is thereafter, required to foreclose on such loan, the debt secured by the senior deeds of trust will need to be satisfied before any proceeds from the sale of the property could be applied toward the debt owed to the Fund. the Fund does not have adequate cash reserves on hand to protect its second priority security interest, the Fund could suffer a loss of its invested capital in such loan.	Up to 10% Fund loans may be secured by unimproved properties. For a number of reasons, unimproved real estate is generally considered a riskier and more speculative form of security for a loan than is improved real estate.
	PPM (11/15/2019), p. 41	PPM (11/15/2019), p. 36	PPM (11/15/2019), p. 36

Standard Risks

Blind Pool

PPM (11/15/2019), p. 43

Conflicts of Interest

PPM (11/15/2019), pp. 37-39

Distributions are not Guaranteed

PPM (11/15/2019), p. 42

General Real Estate Risks (uninsured acts of nature, fire, etc.)

PPM (11/15/2019), pp. 29-30

Illiquidity

PPM (11/15/2019), pp. 40-41

Risk Factor File:

Risk Factors (11/15/2019)

Sources and Nature of Distributions

Sources of Distributions:

Cash flow
Income
Sale of assets

Offering proceeds permitted as a source of distributions: No Reference

Debt permitted as a source of distributions: No Reference

PPM (11/15/2019), pp. 22-23, p. 42

Nature of Distributions: Variable

PPM (11/15/2019), pp. 22-23

Frequency of Distributions: Quarterly Monthly*

Distributions to Members will be made quarterly on or about the 15th day of the month following the last day of each calendar quarter.

*The Manager may arrange for monthly distributions to Members upon request and subject to the Manager's approval.

PPM (11/15/2019), pp. 22-23

Current Program Distributions

Most Recent Annualized Distributions: No Reference

Range of Distributions: No Reference

Return of Capital / Tax Deferral Considerations:

To the extent cash distributions exceed the current and accumulated earnings and net income of the Fund, they will constitute a return of capital, and each Member will be required to reduce the tax basis of his Units by the amount of such distributions and to use such adjusted basis in computing gain or loss, if any, realized upon the sale of Units. Such distributions will not be taxable to Members as ordinary income or capital gain until there is no remaining tax basis, and, thereafter, will be taxable as gain from the sale or exchange of the Units.

PPM (11/15/2019), p. 51

Tax Shelter Considerations: No Reference

Historic Program Distributions

Historic Investor Distributions:

Prior to forming RMI X, RMC sponsored the following ten funds: Redwood Mortgage Investors ("RMI"), Corporate Mortgage Investors ("CMI"), Redwood Mortgage Investors II ("RMI II"), Redwood Mortgage Investors III ("RMI III"), Redwood Mortgage Investors IV ("RMI IV"), Redwood Mortgage Investors V ("RMI V"), Redwood Mortgage Investors VI ("RMI VI"), Redwood Mortgage Investors VII ("RMI VII"), Redwood Mortgage Investors VIII ("RMI VIII") and Redwood Mortgage Investors IX ("RMI IX"). Of these Affiliate Mortgage Funds: (i) RMI VIII and RMI IX are currently operating and ongoing programs managed by RMC (the "Ongoing Programs"); (ii) RMI IV, RMI V, RMI VI and RMI VII wound down their operations and dissolved within the last five years (the "Recently Completed Programs"); and (iii) RMI, CMI, RMI II and RMI III wound down their operations and dissolved more than ten years ago.

Ongoing Programs:
Redwood Mortgage Investors IX, LLC
Inception Date: 10/8/2009
Current Duration: 9 years
Amount Sold (millions): $90.48
Median Average Leverage: 0%
Annualized Yield: 6.58%
Ending Value on $10,000 (inception to 12/31/18): $18,241

Redwood Mortgage Investors VIII, LLC
Inception Date: 4/12/1993
Current Duration: 25 years
Amount Sold (millions): $299.80
Median Average Leverage: 10%
Annualized Yield: 3.74%
Ending Value on $10,000 (inception to 12/31/18): $23,747

The Sponsor's recently completed programs (RMI IV, RMI V, RMI VI and RMI VII), paid an average annualized yield of 5.38%.

PPM (11/15/2019), pp. 25-27

Historic Tax Deferred Distributions: No Reference

Historic Tax Sheltered Distributions: No Reference

Targeted Total Return:

There is no reference to a targeted total return. However, one of the Fund's primary investment objectives is to yield a favorable rate of return from the Fund's business of making and/or investing in mortgage loans.

PPM (11/15/2019), p. 3

Investor Tax Implications:

The Members' Syndication Cost obligations may result in an increased tax basis affecting capital gains or losses upon sale or liquidation.

A Member's tax basis in the Fund is important because it acts as a limitation on deducting losses from the Fund, it generally determines how much cash the Member can extract from the Fund on a tax-free basis, and it determines the amount of gain or loss on the sale of Fund Units or on liquidation of a Member's interest in the Fund. To the extent a Member's tax basis is increased by the Member's Syndication Cost obligations, the Members nontaxable distributions and deductible losses from the Fund may be increased. This increase in tax basis, however, may also result in decreased capital gains or a capital loss upon sale or at redemption of a Member's Units because a Member's initial tax basis will be greater than the cash contributed to the Fund at inception.

Member's tax liability may exceed cash distributions received.

A Member's tax liabilities associated with an investment in Units for a given year may exceed the amount of cash the Fund distributes to the Member during such year. Members will be taxed on their allocable share of taxable income whether or not the Member actually receives cash distributions from the Fund. Taxable income of a Member could exceed cash distributions received, for example, if the Member elects to compound its cash distributions that would otherwise be received. Taxable income in excess of cash distributions also could result if the Fund generates 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 Fund as well as imputed income due to original issue discount, market discount, imputed interest and significant modifications to existing loans. Under very limited circumstances, Members could receive a special distribution to enable Member to pay taxes on specified types of income. The Manager takes the position that the Fund is engaged in a lending trade or business, as a result of which all or a portion of the income earned by Members with respect to their investment in Units will be treated as ordinary income.

The Fund has been organized to invest in loans primarily secured by deeds of trust on real property. However, if the Fund were at any time deemed for federal tax purposes to be holding one or more Fund loans primarily for sale to customers in the ordinary course of business (a "dealer"), any gain or loss realized upon the disposition of such loans would be taxable as ordinary gain or loss rather than as capital gain or loss. The federal income tax rates for ordinary income are higher than those for capital gains. In addition, income from sales of loans to customers in the ordinary course of business would also constitute unrelated business taxable income to any investors which are tax-exempt entities. Under existing law, whether or not real property is held primarily for sale to customers in the ordinary course of business must be determined from all the relevant facts and circumstances. The Fund intends to invest in Loans and hold the Fund loans for investment purposes only, and to dispose of Fund loans, by sale or otherwise, at the discretion of the Manager and as consistent with the Fund's investment objectives. It is possible that, in so doing, the Fund will be treated as a "dealer" in mortgage loans, and that profits realized from such sales will be considered unrelated business taxable income to otherwise tax-exempt investors in the Fund.

PPM (11/15/2019), p. 44, p. 51

Investment Strategy

Ownership Structure of Underlying Collateral or Assets:

Direct
Interests in other sponsor affiliate programs

In some circumstances, the Fund may purchase undivided fractional interests in loans ("Fractional Interests") which will be held by the Fund and other lenders (including the Fund's Affiliated Mortgage Funds and other affiliates of the Manager) rather than funding an entire loan.

No loans will be made by the Fund to the Manager or to any of its principals or affiliates.

PPM (11/15/2019), p. 3, p. 17, p. 20, p. 39

Investment Strategy Details:

The Fund will generally be an "asset" rather than a "credit" lender. This means that the Fund may rely primarily on the value of the real property securing Fund loans to protect its investment. To determine the value of each security property, the Manager will obtain a written, third-party appraisal.

All of the promissory notes and deeds of trust evidencing loans will name the Fund as the initial lender or will be assigned to the Fund upon funding of the loan. In some circumstances, the Fund may purchase undivided fractional interests in loans ("Fractional Interests") which will be held by the Fund and other lenders (including the Fund's Affiliated Mortgage Funds and other affiliates of the Manager) rather than funding an entire loan. The Fund will, however, only acquire Fractional Interests in loans that meet the loan standards set forth in the "Lending Standards and Policies"

Fund Management
The Fund is externally managed. RMC, as the manager of the Fund, will be solely responsible for managing the business and affairs of the Fund, subject to the voting rights of the members on specified matters. The Manager acting alone has the power and authority to act for and bind the Fund. RMC provides the personnel and services necessary to conduct the Fund's business; RMI X is not expected to have employees. The services expected to be provided by the Manager include: (1) selecting and arranging loans to be made or acquired by the Fund; (2) monitoring and assessing loan portfolio performance and setting the Fund's accounting procedures; (3) loan servicing, loss mitigation and enforcement of the loan terms, as necessary; and (4) otherwise directing the day-to-day operations of the Fund. Members will have limited rights to vote on or direct the actions of the Fund and must rely upon the Manger to make decisions in the best interests of the Fund.

Lending Standards & Policies
In selecting loans for investment by the Fund, the Manager will generally adhere to the guidelines, which guidelines are designed to set standards for the quality of the real property security given for the loans. These lending standards, however, may be exceeded or modified if deemed to be in the best interest by the Fund as determined by the Manager.

General Standards for Loans
Fund Loans will generally be secured by deeds of trust on the following types of real property:
• single-family residences (including homes, condominiums and townhouses, and 1-4 unit residential buildings);
• multi-family properties of five (5) or more units (such as apartment buildings); and
• commercial property (such as office buildings, retail stores, warehouse facilities and mixed-use properties).

The Fund may also make loans secured by land zoned for commercial and/or residential development; however, such land loans will not exceed 10% of total Fund assets at the time made. The Manager does not intend to make construction or rehabilitation loans. Loans may involve an element of improvement to the security property but such loans will be underwritten based upon the value of the security property at the time the loan is made and not the projected increased in value upon completion of the project or improvements.

Geographic Area of Lending Activity
Loans made and/or acquired by the Fund will be secured by first and second deeds of trust encumbering primarily residential and commercial real estate located in California communities predominately in the San Francisco Bay Area and coastal metropolitan regions of Southern California. Up to 15% of Fund capital may also be invested in loans secured by properties located in other states. The Fund may take a security interest in property outside California as additional collateral for any loan which will not be included for the purposes of calculating this 15% limitation.

Terms of Loans
Typically Fund loans will be shorter-term loans (i.e., 1-5 years) yielding a favorable rate of return; however, loans may have shorter or longer terms in the Manager's discretion. Fund loans generally provide for monthly payments of interest only with a "balloon payment" at the end of the term, but may be partially-or-fully-amortizing over the term of the loan, particularly if the loan is for a term of five or more years. The Fund may make loans with terms longer than the term of the Fund (including 30 year fully amortized loans) if the Manager believes the loan can be sold or otherwise liquidated or transferred prior to the Fund's dissolution or during the expected wind down period.

Credit Evaluations
The Manager may consider the income level and general creditworthiness of a borrower and any guarantor to determine a borrower's ability to repay the Fund loan according to its terms, but such considerations are subordinate to a determination that a borrower has sufficient equity in the security property to satisfy the loan-to-value ratios. Therefore, the Fund may make loans to borrowers who are in default under other 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.

Loan Diversification
No Fund loan will exceed the greater of $1,500,000 or 10% of Fund total assets at the time the loan is made. For the purpose of determining whether a loan meets this 10% threshold, the Manager may treat loans to a common borrower or borrowers with common principals as a single loan. Typical loans are expected to range between $250,000 and $1,500,000 and the average loan investment is expected to be approximately 3% of total assets. The Manager anticipates that mortgage loans will be diversified as to priority so that approximately 40% to 60% of mortgage loans will be first mortgages and 40% to 60% of mortgage loans will be second mortgages.

Sale of Loans
The Fund makes and invests in mortgage loans for investment purposes and does not anticipate engaging in real estate operations in the ordinary course of business (except as may be required if the Fund forecloses on a property on which it has invested in a mortgage loan and takes over ownership and management of the property). The Fund intends to hold the loans in which it invests until repayment and does not presently intend to invest in mortgage loans primarily for the purpose of reselling such loans in the ordinary course of business. The Fund may, however, sell mortgage loans (or fractional interests therein) when the Manager determines that it appears to be advantageous for the Fund to do so, based upon then current interest rates, the length of time that the loan has been held by the Fund, the Fund's credit risk and concentration risk and the overall investment objectives of the Fund. Loans sold to third parties may be sold for par, at a premium or, in the case of non-performing or under performing loans, at a discount. Fund loans may be sold to third parties or to the Manager or its affiliates (including the Affiliate Funds); however, any loan sold to the Manager or an affiliate thereof will not be sold for a purchase price less than the par value of the loan or the fair market value of the loan, whichever is greater.

PPM (11/15/2019), p. 3, pp. 17-21

	Original Strategy	Actual Investments
Real Assets:		
Residential	X	
Multifamily	X	
Office	X	
Retail	X	
Industrial	X	
Unimproved Land	X	
Securities:		
Mortgages	X (Primary)	
Private Debt	X	
	PPM (11/15/2019), cover, p. 18, p. 29	No Reference

Geographic Concentration:		
California	X (Primary)	
United States	X	
	PPM (11/15/2019), cover, p. 18	No Reference

Leverage is Permitted: Yes

PPM (11/15/2019), pp. 3-4, pp. 14-15

Maximum Leverage:

Percent of value of assets: 35%

At no time shall the Fund close any leverage loan or make any draw under any leverage loan if immediately following the closing of such loan, or making such draw, the aggregate outstanding balance of all debt secured by the Fund's loan portfolio would exceed thirty-five percent (35%) of total book value of Fund assets at the time the loan is closed or the draw is made (the "Leverage Limitation"). This Leverage Limitation does not apply to any unsecured debt or debt secured by non-loan assets of the Fund including, without limitation, loans secured by any real estate acquired through foreclosure, deed in lieu of foreclosure or otherwise. The Manager will be free to incur such debt without reference to the Leverage Limitation and the principal amount of any such debt will be excluded from the calculation of the thirty-five percent (35%) Leverage Limitation threshold.

PPM (11/15/2019), pp. 3-4, pp. 14-16, p. 47

Anticipated Leverage:

The Leverage Limitation relates to Fund-level leverage.

At the loan level, the Manager generally targets an average Loan-to Value Ratio of 70% or less and LTV's applicable to Fund loans may be significantly lower than those stated above in some circumstances. LTVs may also be increased if, in the sole discretion of the Manager, a higher loan amount is warranted by the circumstances of the particular loan (such as personal guaranties, prior loan history with the particular borrower, market conditions, etc.). However, in no event shall the aggregate principal amount of any loan, together with the unpaid principal amount of any senior encumbrances on the security property, exceed 80% of the value of any improved real property or 60% of the value of any unimproved property.

PPM (11/15/2019), pp. 3-4, pp. 18-19, p. 47

Type of Leverage Permitted: No Reference

Portfolio Information

Most Recently Reported Leverage: No Assets Yet Acquired

Most Recently Reported Investments: No Assets Yet Acquired

Disposition / Exit Strategy

Possible Strategy:	Loan Payoffs
PPM (11/15/2019), p. 42	

Possible Strategy:	Sale of assets
PPM (11/15/2019), p. 42	

Possible Strategy:	Termination/dissolution
PPM (11/15/2019), p. 42	

Under the Operating Agreement, the Fund will continue to operate until the Scheduled Dissolution Date of December 31, 2031, unless extended by the vote of a Member Majority. Upon dissolution, the Manager will seek to promptly wind down the Fund and liquidate its assets by allowing Fund loans to pay off and/or by selling Fund assets for the best price reasonably obtainable. Upon the start of the Dissolution Period, RMI X will begin winding down by allowing Fund loans to pay off without reinvesting the proceeds and/or by selling Fund assets. The Manager is only required to sell or otherwise liquidate Fund assets following dissolution if it can do so for their fair market value or on terms it deems reasonable and in the interest of the Fund. Consequently, while the Manager anticipates a Dissolution Period of two (2) years, it may be longer (or shorter) depending on the number and type of assets held by the Fund and market conditions existing at the time of dissolution.

PPM (11/15/2019), p. 42

Fee Structure

Offering Phase

	Tier BD	**Tier RIA**
Upfront Selling Commission:	6% Commissions equal to 6.0% of the gross purchase price for BD Units.	Not Applicable
Organization and Offering Expenses:	2% Including, without limitation, costs and expenses (including all legal and accounting fees and expenses) incurred in connection with: (i) preparing and filing the Fund's Certificate of Formation; (ii) preparing the Operating Agreement, this Memorandum, the Subscription Agreement and all other offering documents together with any amendments or supplements thereto; (iii) issuing Units to Members; (iv) marketing the Fund and the sale of Units (including printing, mailing, regulatory review and filing of marketing materials, state and/or federal filings for the Fund, and distributing sales materials); (v) reimbursing the Manager and associates of the Manager for registration, sponsorship, travel and other costs of participating in conferences and sales presentations; (vi) reimbursing participating broker-dealers and registered investment advisors for bona fide due diligence expenses payable under the sales agreements between the Manager and participating broker-dealers and registered investment advisors; and (vii) all other syndication expenses incurred by the Fund other than those attributable to Underwriting Compensation. Together with Underwriting Compensation referred to as "Syndication Costs."	2% Including, without limitation, costs and expenses (including all legal and accounting fees and expenses) incurred in connection with: (i) preparing and filing the Fund's Certificate of Formation; (ii) preparing the Operating Agreement, this Memorandum, the Subscription Agreement and all other offering documents together with any amendments or supplements thereto; (iii) issuing Units to Members; (iv) marketing the Fund and the sale of Units (including printing, mailing, regulatory review and filing of marketing materials, state and/or federal filings for the Fund, and distributing sales materials); (v) reimbursing the Manager and associates of the Manager for registration, sponsorship, travel and other costs of participating in conferences and sales presentations; (vi) reimbursing participating broker-dealers and registered investment advisors for bona fide due diligence expenses payable under the sales agreements between the Manager and participating broker-dealers and registered investment advisors; and (vii) all other syndication expenses incurred by the Fund other than those attributable to Underwriting Compensation. Together with Underwriting Compensation referred to as "Syndication Costs."
Marketing Allowance:	1% Marketing reallowance fees equal to 1.0% of the gross purchase price paid for BD Units.	Included in Syndication Costs
Due Diligence Reimbursements:	Included in Syndication Costs	Included in Syndication Costs
Net Proceeds (Before Acquisition Fees):	91%	98%

Organization & Offering Expenses Notes
The Fund will pay on behalf of BD Members the Underwriting Compensation payable to broker-dealers and will reimburse the Manager for all of the Fund's Organization & Offering Expenses on behalf of all Members, subject to the Maximum O&O Amount discussed below. These Syndication Costs, however, will be deemed advances by the Fund on behalf of each Member (a "Syndication Advance") in the amount of the Syndication Costs attributable to each Member's Units (each Member's "Syndication Advance Amount"). Each Member's Syndication Advance Amount will be determined based upon the Member's Membership Tier and will be repayable to the Fund through Quarterly Syndication Cost Reimbursements made during Deduction Period.

The Manager will determine the total number of Units sold in the Offering and the total amount of Organization & Offering Expenses incurred by the Fund in the first quarter following the termination of the Offering Period (the "O&O Determination Date"). Each Member's O&O Share of the Fund's Organization & Offering Expenses will then be determined and allocated to each Member (up to the Maximum O&O Amount) based upon the final Organization & Offering Expense amount and the total number of Units so determined. Any Organization & Offering Expenses incurred by the Fund in excess of the Maximum O&O Amounts allocable to the Members will be paid or reimbursed to the Fund by the

Manager.

Each Member's Syndication Advance Amount, as determined on the O&O Determination Date, will be repaid through deductions made from each Member's Capital Account ("Quarterly Syndication Cost Reimbursements") that will begin on the last day of the calendar quarter following the O&O Determination Date (the "Reimbursement Commencement Date") and continuing thereafter until the Scheduled Dissolution Date or the earlier dissolution of the Fund by the Manager (the "Reimbursement Period"). The amount of each Quarterly Syndication Cost Deduction will be the installment amount calculated by the Manager to result in the deduction of the Member's full Syndication Advance Amount through equal Quarterly Syndication Cost Reimbursements beginning on the Deduction Commencement Date and continuing through and including the Scheduled Dissolution Date (each Member's "Quarterly Reimbursement Amount").

While Quarterly Syndication Cost Reimbursements are being made, the amount of the quarterly distributions of net income otherwise payable to each Member will be reduced by the Quarterly Reimbursement Amount. If a Member has elected to forego cash distributions and to compound earnings in the Member's account, the Quarterly Reimbursement Amount due for any quarter will reduce the amount of the Fund's net income otherwise allocable to the Member's Capital Account

Each Member will receive an initial Capital Account credit equal to the full purchase price paid for their Units without deduction of such Member's initial Syndication Advance Amount. During the Reimbursement Period, however, each Member's Percentage Interest in the Fund will be based upon the Member's relative Capital Account balances, less the unpaid amount of their Syndication Advance Amount ("Syndication Advance Balance") as of any date. Consequently, rights based upon the Members' relative Percentage Interests in the Operating Agreement (including operating income allocations and voting rights) will be determined net of a Member's Syndication Advance Amount beginning on the Deduction Commencement Date and through the Deduction Period.

Marketing and Due Diligence Expenses Notes
It is the intent of the Manager that costs paid to the broker-dealers utilized in the offering be borne by the BD Members investing through such broker-dealers. Broker dealers and their associates, however, may be entitled to have certain costs they incur with respect to the offer and sale of Units paid or reimbursed by the Fund including reimbursements for participating in broker-dealer conferences, making presentations on behalf of the Fund and for bona fide due diligence expenses incurred. Such expenses or reimbursements will be in addition to the Underwriting Compensation amounts allocated to the BD Members as Underwriting Compensation and may be included in the Organization & Offering Expenses advanced on behalf of, and repayable by, all Members. Consequently, RIA Members may indirectly be paying a portion of the compensation payable to broker-dealers with respect to the BD Units. Such amounts, if any, are not expected to be significant and will be limited by the overall 2.0% Maximum O&O Amount applicable to all Organization & Offering Expenses.

PPM (11/15/2019), pp. 5-6, pp. 10-12, p. 16, Exhibit A, p. 6

RIA / Fee-Based Eligible:

Tier BD	Tier RIA
No	Yes

BD Units represent membership interests in Tier BD ("BD Interests") and will be issued to investors acquiring their interests through SEC registered broker-dealers participating in the offering ("BD Members"). RIA Units represent membership interests in Tier RIA ("RIA Interests") and will be issued to investors that acquire their interests through a registered investment advisor or directly from the officers or employees of the Fund ("RIA Members").

PPM (11/15/2019), cover

Volume Discounts: No Reference

Acquisition Fees and Expenses:

Loan Origination Compensation: 1.5% to 2.5%

The Manager is entitled to certain Origination Compensation collected from Fund borrowers as set forth in the Operating Agreement including: (i) 90% of all loan origination fees (i.e. "points") and loan extension fees paid by borrowers; (ii) all loan processing, escrow and documentation fees collected by the Fund at loan closing; and (iii) any forbearance fees, payoff fees and similar fees collected from borrowers over the term of each loan. Loan points are expected to be approximately 1.5% to 2.5% of the principal amount of each loan on average, depending upon market conditions.

PPM (11/15/2019), p. 27

Operational Phase

Annual Management Fee:

Asset Management Fee: 1.25%

Up to approximately 0.104% monthly (1.25% on an annual basis), of the Fund's total assets under management as of the beginning of the month, of which approximately 0.021% monthly (0.25% annually) of beginning monthly loan principal will be deemed to be a loan servicing fee for purposes of the Manager's accounting. The asset management fee is payable on the first day of each calendar month based upon the Fund's total assets under management as of that date.

PPM (11/15/2019), p. 28

Fees / Revenue Sharing as a Percent of Gross Revenue: No Reference

Subordinated Fees / Revenue Sharing: No Reference

Other Fees / Revenue Sharing:

Other Affiliated Services:

The Manager or its principals or affiliates may render other services to the Fund, including property management services, real estate sales services as the Manager deems appropriate. The Manager or such principals or affiliates may be compensated for such services at the prevailing market rates applicable to the services performed.

PPM (11/15/2019), p. 28

Expense Reimbursements:

Reimbursement of Expenses to Manager:	Reimbursement for all out-of-pocket operating and administrative expenses of the Fund as well as all Organization & Offering Expenses incurred on behalf of the Fund up to a Maximum O&O amount equal to 2.0% of the gross purchase price paid on all Units sold in the offering.

PPM (11/15/2019), p. 28

Liquidation Phase

Fees: No Reference

Share Redemption Program:	**Tier BD**	**Tier RIA**
	Share redemption program is at the sole discretion of the sponsor or other related party. *Redemption price is less than or equal to the purchase price.*	*Share redemption program is at the sole discretion of the sponsor or other related party.* *Redemption price is less than or equal to the purchase price.*
Redemption Frequency:	Quarterly	Quarterly
1st hold period:	After 90 days and prior to one-year following O&O Determination Date	After 90 days and prior to one-year following O&O Determination Date
1st pricing:	90% of invested capital	96% of invested capital
2nd hold period:	2nd year following O&O Determination Date	2nd year following O&O Determination Date
2nd pricing:	91% of invested capital	96.25% of invested capital
3rd hold period:	3rd year following O&O Determination Date	3rd year following O&O Determination Date
3rd pricing:	92% of invested capital	96.50% of invested capital
4th hold period:	4th year following O&O Determination Date	4th year following O&O Determination Date
4th pricing:	93% of invested capital	96.75% of invested capital
	5th year following O&O Determination Date: 94% of invested capital 6th year following O&O Determination Date: 95% of invested capital 7th year following O&O Determination Date: 96% of invested capital 8th year following O&O Determination Date: 97% of invested capital 9th year following O&O Determination Date: 98% of invested capital Following Scheduled Dissolution Date: 100% of invested capital	5th year following O&O Determination Date: 97% of invested capital 6th year following O&O Determination Date: 97.25% of invested capital 7th year following O&O Determination Date: 97.50% of invested capital 8th year following O&O Determination Date: 97.75% of invested capital 9th year following O&O Determination Date: 98% of invested capital Following Scheduled Dissolution Date: 100% of invested capital
	Dissolution of the Fund may be extended by the Manager beyond the Scheduled Dissolution Date with the consent of a Member Majority, only. In such event, any withdrawals requested by Members after the Scheduled Dissolution Date and prior to the Fund's actual dissolution will be made without Surrender Charge deductions. Beginning ninety (90) days from the date a Member is admitted and prior to the Fund's dissolution, a Member may withdraw all or part of their invested capital subject to certain limitations set forth in the Operating Agreement. The amount received by a Member withdrawing prior to the Scheduled Dissolution Date will be: (i) based upon a Members' Original Capital Investment, adjusted to reflect any retained income or losses reflected in the Member's Capital Account, and (ii) made after deduction of a "Surrender Charge" based upon the Member's Membership Tier and the date a Member's withdrawal request is received. Surrender Charges will be retained by the Fund in full satisfaction of the withdrawing Member's unpaid Syndication Advance Balance at the time of withdrawal and any remaining amount will be retained for the benefit of the Fund and the non withdrawing Members. Amounts distributable to withdrawing Members (after deduction of the applicable Surrender Charge) will be distributed in one or more quarterly withdrawal distributions, subject to certain limitations (including cash available for withdrawals) provided in the Operating Agreement. The dollar amount that may be redeemed per quarter per individual member is subject to a maximum of the greater of \$100,000 or 25% of the member's Capital Account balance. For withdrawal requests	Dissolution of the Fund may be extended by the Manager beyond the Scheduled Dissolution Date with the consent of a Member Majority, only. In such event, any withdrawals requested by Members after the Scheduled Dissolution Date and prior to the Fund's actual dissolution will be made without Surrender Charge deductions. Beginning ninety (90) days from the date a Member is admitted and prior to the Fund's dissolution, a Member may withdraw all or part of their invested capital subject to certain limitations set forth in the Operating Agreement. The amount received by a Member withdrawing prior to the Scheduled Dissolution Date will be: (i) based upon a Members' Original Capital Investment, adjusted to reflect any retained income or losses reflected in the Member's Capital Account, and (ii) made after deduction of a "Surrender Charge" based upon the Member's Membership Tier and the date a Member's withdrawal request is received. Surrender Charges will be retained by the Fund in full satisfaction of the withdrawing Member's unpaid Syndication Advance Balance at the time of withdrawal and any remaining amount will be retained for the benefit of the Fund and the non-withdrawing Members. Amounts distributable to withdrawing Members (after deduction of the applicable Surrender Charge) will be distributed in one or more quarterly withdrawal distributions, subject to certain limitations (including cash available for withdrawals) provided in the Operating Agreement. The dollar amount that may be redeemed per quarter per individual member is subject to a maximum of the greater of \$100,000 or 25% of the member's Capital Account balance. For withdrawal requests

	requiring more than one quarter to redeem fully the Surrender Charge percentage that applies when the redemption payments begin continues to apply throughout the redemption period. Aggregate withdrawals in any calendar quarter are limited to two and one-half percent (2.5%) of the total of the Members' Capital Account balances outstanding at the beginning of the quarter and aggregate withdrawals in any calendar year are limited to ten percent (10%) of the total of the Members' Capital Account balances outstanding at the beginning of the year. A withdrawing Member's Capital Account balance after deduction of the applicable Surrender Charge will be distributed to a requesting Member commencing on the last day of the calendar quarter following the calendar quarter in which the Withdrawal Notice is received.	requiring more than one quarter to redeem fully the Surrender Charge percentage that applies when the redemption payments begin continues to apply throughout the redemption period. Aggregate withdrawals in any calendar quarter are limited to two and one-half percent (2.5%) of the total of the Members' Capital Account balances outstanding at the beginning of the quarter and aggregate withdrawals in any calendar year are limited to ten percent (10%) of the total of the Members' Capital Account balances outstanding at the beginning of the year. A withdrawing Member's Capital Account balance after deduction of the applicable Surrender Charge will be distributed to a requesting Member commencing on the last day of the calendar quarter following the calendar quarter in which the Withdrawal Notice is received.

PPM (11/15/20190, pp. 7-8, p. 40,

Unique Features

Unique Features

Site Visits
In addition to obtaining and reviewing appraisals for each security property, an employee of the Manager visits each security property when located in California to help ensure that the information contained in the appraisal is accurate and that the property otherwise meets the Manager's standards. The scope of a Manager site visit may include:

• Driving to the property and assessing the front exterior of the subject property, the adjacent properties and the neighborhood.
• Walking the street;
• Viewing the local neighborhood;
• Observing current property maintenance and general neighborhood maintenance;
• Assessing other visual matters that may affect value;
• Visiting comparable sales and/or rental properties selected as comparable by the appraiser; and
• Visiting properties determined by the Manager as potential comparable sales or rental properties.

A site visit by the Manager generally does not include entering any structures on the property and, in most cases, an agent of the Manager will not enter the structures on the property prior to making the loan. Site visits for non-California properties may also be conducted by an employee of the Manager; however, the Manager may also elect to: (i) engage a local real estate or lending professional (e.g., private lender, real estate agent, property manager, etc.) engaged to conduct site visits on the Manager's behalf; or (ii) rely solely upon the appraisal and information received from the appraiser without conducting a site visit for the non California property.

The Manager
Redwood Mortgage Corp. ("RMC") is a California Corporation founded in 1978. Since that time, D. Russell Burwell and Michael Burwell, his son, have been instrumental in developing the mortgage fund business as it exists in California today. When RMC was founded, the concept of a private mortgage fund (i.e., bringing together borrowers and private investors seeking returns from a portfolio of real estate secured loans) was new and faced significant legal, regulatory and industry challenges. Nonetheless, RMC recognized the potential benefits of such a structure and formed its first mortgage Fund, Redwood Mortgage Investors, which RMC believes, in 1978, was the first mortgage fund of its kind to successfully receive approval from the California Department of Corporations as a mortgage fund offering in California.

Throughout the years, RMC has continued to be a leader in the mortgage lending industry and has remained committed to growing, strengthening and advancing its business and the private lending industry as a whole. Michael Burwell, President since 2003, and his team continue to innovate and adapt to changing times and economic cycles. In recent years, this includes embracing the advantages and opportunities made possible by technology, and by stepping up to (and often exceeding) the requirements of an increasingly fast-moving marketplace and a significantly more complex regulatory environment. Over the past ten years, RMC has rebuilt its technology infrastructure implementing several cloud-based, leading-edge business applications, while diligently employing the necessary security processes and protocols to detect and prevent unauthorized access, or even worse, criminal intrusion. Being the manager of several publicly registered funds, RMC has had to comply fully with the exacting requirements of the Sarbanes-Oxley reform legislation, which necessitated additional investments in processes and management, particularly as to internal controls and corporate governance, and additions to the team of a new generation of tech-savvy young professionals. RMC has expanded its outreach and has partnered with prominent local, regional and national accounting, legal and technology firms to have access to their expertise and experience.

RMC has been a real estate broker licensed by the California Department of Real Estate since its inception in 1978 and a California Finance Lender and Broker licensed by the California Department of Business Oversight since 2005. RMC currently has 22 full time employees and is governed by a three-member board of directors consisting of Michael R. Burwell, Lorene A Randich and Thomas R. Burwell who will each be responsible for overseeing various aspects of Fund operations.

PPM (11/15/2019), p. 19, pp. 20-24

Sponsor's Top Features / Competitive Advantages

Since inception, 40 plus years ago, RMC has underwritten, arranged and serviced over $1,650,000,000 of carefully selected, short term, mortgage loans funded by the ten mortgage funds it has sponsored.

PPM (11/15/2019), pp. 23-24

RMC is vertically integrated in its loan operations meaning that they originate the loan directly from the borrower or from a loan package provided by a mortgage originator. RMC underwrites, documents, and then services the loan.

PPM (11/15/2019), pp. 23-24

RMC's underwriting and documentation department takes great pride in the fact that only a single loan has been foreclosed upon in the last five years.

PPM (11/15/2019), pp. 23-24

Socially or Environmentally Responsible Features: No Reference

All fields will be confirmed as current or updated within 60 days after the close of each quarter and within 120 days after year end. If updates are not received, the fields will indicate as such by displaying in red.