REDWOOD MORTGAGE INVESTORS V,
a California Limited Partnership

2015 Liquidation Update

REDWOOD MORTGAGE

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December 31, 2015

Net Assets Available for Liquidation

Cash in banks	$	379,554
Loans, net		448,025
Total assets		827,579
Liabilities - payable to affiliates, net		3,073
Net assets available for liquidation – partners' capital	$	824,506

Changes in Partners' Capital

	Limited Partners	General Partners	Total
Balance – December 31, 2014	$ 1,251,557	$ 7,619	$ 1,259,176
Net income	17,663	178	17,841
Capital distributions to partners	(452,511)	—	(452,511)
Balance – December 31, 2015	$ 816,709	$ 7,797	$ 824,506

The accompanying notes are an integral part of this liquidation update

REDWOOD MORTGAGE INVESTORS V,
a California Limited Partnership
For the Year Ended December 31, 2015

Liquidating Activities

Revenues		
Interest income	$	69,588
Late fees		525
Total revenues, net		70,113
Provision for (recovery of) loan losses		4,000
Operating expenses		
Mortgage servicing fees		9,481
Asset management fees		4,024
Costs from Redwood Mortgage Corp.		8,197
Professional services		14,926
REO- holding costs		10,079
Other		1,565
Total operating expenses		48,272
Net income	$	17,841

Cash Receipts and Disbursements

Receipts		
Loan principal, advances, and interest	$	325,285
Loan assignments		141,646
REO sales		86,951
Total receipts		553,882
Disbursements		
Operating expenses		48,908
Distributions/ liquidations		452,511
Net increase/(decrease) in cash	$	52,463
Cash, end of period	$	379,554

The accompanying notes are an integral part of this liquidation update.

REDWOOD MORTGAGE INVESTORS V,
a California Limited Partnership
December 31, 2015

Notes to Liquidation Update

Note 1 – Organization and General

Redwood Mortgage Investors V (RMI V or the partnership), is a California Limited Partnership formed in 1986 to engage in business as a mortgage lender and investor by making and holding loans-for-investment secured by California real estate, primarily through first and second deeds of trust.

The company is externally managed. Redwood Mortgage Corp. (or RMC) and Michael R Burwell (Burwell), an individual, are general partners of the partnership. Gymno LLC was a general partner prior to its merger into RMC effective June 30, 2015. The mortgage loans the partnership funded and/or invested in were arranged and serviced by RMC.

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

The rights, duties and powers of the general and limited partners of the partnership are governed by the limited partnership agreement and Sections 15900 et seq. of the California Corporations Code. Limited partners should refer to the company's limited partnership agreement for complete disclosure of its provisions.

A majority of the outstanding limited partnership interests may, without the permission of the general partners, vote to:
(i) terminate the partnership, (ii) amend the limited partnership agreement, (iii) approve or disapprove the sale of all or substantially all of the assets of the partnership and (iv) remove or replace one or all of the general partners.

The approval of all the limited partners is required to elect a new general partner to continue the partnership business where there is no remaining general partner after a general partner ceases to be a general partner other than by removal.

Profits and losses are allocated among the limited partners according to their respective capital accounts after 1% of the profits and losses are allocated to the general partners. Federal and state income taxes are the obligation of the partners, if and when income taxes apply, other than for the minimum annual California franchise tax paid by the partnership.

The cash flow and the income generated by the real property securing the loan factor into the credit decisions, as does the general creditworthiness, experience and reputation of the borrower. For loans secured by real property used commercially, such considerations though are subordinate to a determination that the value of the real property is sufficient, in and of itself, as a source of repayment. The amount of the loan combined with the outstanding debt, if any, secured by a senior deed of trust on the real property, plus any claims senior to the loan, generally will not exceed a specified percentage of the appraised value of the property (the loan to value ratio or LTV). The appraised value is determined by an independent written appraisal at the time the loan is made, confirmed by the experience and market knowledge of the general partners. The loan-to-value ratio generally will not exceed 80% for residential properties (including multi-family), 70% for commercial properties, and 50% for land.

In February 2014, RMI V received consent forms representing the majority of the Limited Partners approving the dissolution and liquidation of the partnership. The Partnership was put into liquidation status and wind-down of operations commenced, effective April 1, 2014. During the wind down process RMI V will not fund new loans. The general partners estimate the wind-down process will be completed by year-end 2016.

As of April 1, 2014 previously scheduled distributions and/or withdrawal payments were discontinued and all investor accounts were set to liquidation status. RMI V is no longer accepting new withdrawal requests. Available cash from loan payoffs and asset sales is distributed to the limited partners proportionate to their percentage of ownership in the partnership. The amount available for distribution is on an "as available" basis. There is no guarantee distributions will be made each quarter. Account statements are mailed on a quarterly basis regardless of activity.

Notes to Liquidation Update

Note 2 – Summary of Significant Accounting Policies

Loans and interest income

The net amount of the loan balance (the sum of principal, advances and accrued interest), less any specific allowance for loan losses, is deemed to approximate the fair value of the loan, which is considered to approximate liquidation value.

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

(a) Secured loans, other than those designated impaired (Level 2) – The partnership prices its loans individually and in general, pricing does not react to other than significant changes in the prevailing interest rate indices (e.g. the Fed Funds rate or the 10-year Treasury Note rate). In determining fair value, each loan is reviewed for its delinquency, protective equity (LTV) adjusted for the most recent valuation of the underlying collateral, remaining term to maturity, borrower's payment history and other factors. Also considered is the limited resale market for the loans. Most companies or individuals making similar loans as the partnership intend to hold the loans until maturity as the average contractual term of the loans (and the historical experience of the time the loan is outstanding due to pre-payments) is shorter than conventional mortgages. Further, for substantially all loans, there are no prepayment-penalties to be collected which may cause the duration of the loan (i.e. the term it is outstanding) to be uncertain. This would cause any potential loan purchasers to be unwilling to pay a premium to par. Due to these factors sales of the secured loans are infrequent and an active market does not exist. The recorded amount of the performing loans (i.e. the loan balance) – for the reasons noted above – is deemed to approximate the fair value.

(b) Secured loans, designated impaired (Level 2) – Secured loans, designated impaired are deemed collateral dependent, and the fair value of the loan is the lesser of the fair value of the collateral or the enforceable amount owing under the note. The fair value of the collateral is determined by exercise of judgment based on management's experience informed by appraisals (by licensed appraisers), brokers' opinion of values, and publicly available information on in-market transactions.

Management has discretion to pay amounts (advances) to third parties on behalf of borrowers to protect the partnership's interest in the loan. Advances include, but are not limited to, the payment of interest and principal on a senior lien to prevent foreclosure by the senior lien holder, property taxes, insurance premiums, and attorney fees. Advances generally are stated at the unpaid principal balance and accrue interest until repaid by the borrower.

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

Interest is accrued daily based on the unpaid principal balance of the loans. Loans are placed on non-accrual status at the earlier of management's determination that the primary source of repayment will come from the foreclosure and subsequent sale of the collateral securing the loan (which usually occurs when a notice of sale is filed) or when the loan is no longer considered well-secured. When a loan is placed on non-accrual status, the accrual of interest is discontinued; however, previously recorded interest is not reversed. A loan may return to accrual status when all delinquent interest and principal payments become current in accordance with the terms of the loan agreement.

Note 2 – Summary of Significant Accounting Policies (continued)

- *Allowance for loan losses*

Loans and the related advances and accrued interest are analyzed on a quarterly basis for ultimate recoverability. Delinquencies are identified and followed as part of the loan system. Delinquencies are determined based upon contractual terms. If events and or changes in circumstances cause management to have serious doubts about the collectability of the payments of interest and principal in accordance with the loan agreement, a loan may be designated as impaired (impaired loans). Any subsequent payments on impaired loans are applied to late fees, then to the accrued interest, then to advances, and lastly to principal.

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

Note 3 – General Partners and Related Parties

In 2015, the general partners are entitled to one percent of profits, which amounted to $178.

The following fees are paid by the partnership to the general partners or RMC.

In 2015, mortgage servicing fees of $9,481, asset management fees of $4,024 and operating expenses reimbursement of $8,197 were paid to the general partners.

Note 4 – Loans

Loans unpaid principal balance (principal), advances, interested accrued, net.

Loan transactions and details of loan balances are summarized in the following table for 2015.

	Total
Principal balance– January 1	$ 908,433
Principal collected	(386,233)
Principal balance – December 31	522,200
Advances	24,726
Interest accrued	27,099
Total loan balance – December 31	574,025
Allowance for loan loss and discount	(126,000)
Total loan balance, net	$ 448,025

Notes to Liquidation Update

Note 4 – Loans (continued)

Allowance for loan losses

Allowance for loan losses activity is presented in the following table for 2015.

Balance, January 1	$	122,000
Provision for (recovery of) loan losses		4,000
Balance, December 31	$	126,000

Portfolio characteristics

Secured loans had the characteristics presented in the following table as of 2015.

Terms		
Principal balance	$	522,200
Interest rate range (fixed)		6 – 10%
Number of loans		4
Scheduled to mature in 2016, principal balance	$	522,200
Characteristics		
Lien Position (number of loans)		
First position lien (3)	$	331,800
Third position lien (1)		190,400
Property type, principal balance		
Single family (3)	$	331,800
Commercial (1)		190,400
Distribution within California counties, principal balance		
Alameda (1)	$	99,277
El Dorado (1)		190,400
Los Angeles (1)		158,836
Mariposa (1)		73,687
Largest percentage of principal in one county		36.46%

Notes to Liquidation Update

Note 5 – Real Estate Owned (REO)

In 2015, RMI IV sold its ownership interest in a tenant-in-common development project in San Francisco County for its carrying value which approximated fair value.

Note 6 – Comments and Contingencies, other than Loan and REO Commitments

Legal proceedings - RMI V is not involved in any legal proceedings.

Commitments - There were no commitments.

Note 7 – Subsequent Events

The general partners have evaluated events through June 15, 2016, the date the liquidation update was available to be issued. There were no reportable events other than events listed in other notes.