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

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 30, 2014

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

For the transition period from ___________ to _____________

Commission file number: **333-155428**

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

Delaware	**26-3541068**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1825 S. Grant Street, Suite 250, San Mateo, CA	**94402-2678**
(Address of principal executive offices)	(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
[X] YES [ ] NO

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

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

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

Part I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

REDWOOD MORTGAGE INVESTORS IX, LLC
Balance Sheets
September 30, 2014 (unaudited) and December 31, 2013 (audited)

ASSETS

	September 30, 2014	December 31, 2013
Cash and cash equivalents	$ 1,509,197	$ 1,176,630
Loans, secured by deeds of trust		
Principal	17,641,037	14,698,430
Advances	14,984	1,039
Accrued interest	145,837	112,521
Total loans	17,801,858	14,811,990
Receivable from affiliate	—	15,037
Prepaid expenses	—	25,000
Loan administration fees, net	111,789	91,344
Total assets	$ 19,422,844	$ 16,120,001

LIABILITIES, INVESTORS IN APPLICANT STATUS, AND MEMBERS' CAPITAL

	September 30, 2014	December 31, 2013
Liabilities		
Accrued fees & other accounts payable	$ 254	$ 275
Payable to affiliate	—	15,650
Total liabilities	254	15,925
Investors in applicant status	743,650	443,350
Members' capital		
Members' capital, subject to redemption, net	18,660,525	15,642,516
Managers' capital, net	18,415	18,210
Total members' capital	18,678,940	15,660,726
Total liabilities, investors in applicant status and members' capital	$ 19,422,844	$ 16,120,001

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

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Income
For the Three and Nine Months Ended September 30, 2014 and 2013 (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues				
Interest income				
Loans, net	$ 341,278	$ 242,866	$ 989,457	$ 757,612
Imputed interest on formation loan	4,450	3,643	12,368	10,744
Total interest income	345,728	246,509	1,001,825	768,356
Interest expense – amortization of discount on formation loan	4,450	3,643	12,368	10,744
Net interest income	341,278	242,866	989,457	757,612
Late fees	3,264	2,623	7,541	5,953
Other	50	—	99	100
Total revenues, net	344,592	245,489	997,097	763,665
Provision for loan losses	—	—	—	—
Operating expenses				
Mortgage servicing fees	10,719	7,219	29,521	22,786
Asset management fees	19,422	—	37,454	—
Costs through RMC	27,224	28,654	79,403	84,168
Professional services	17,762	19,797	99,449	44,077
Other	2,614	3,088	20,626	12,891
Total operating expenses	77,741	58,758	266,453	163,922
Net income	$ 266,851	$ 186,731	$ 730,644	$ 599,743
Net income				
Members (99%)	$ 264,182	$ 184,864	$ 723,338	$ 593,746
Managers (1%)	2,669	1,867	7,306	5,997
	$ 266,851	$ 186,731	$ 730,644	$ 599,743

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

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Changes in Members' Capital
For the Nine Months Ended September 30, 2014 (unaudited)

	Investors In Applicant Status	Members: Capital	Members: Unallocated Syndication Costs	Members: Formation Loan	Members: Capital, net
Balances at December 31, 2013	$ 443,350	$17,362,065	$ (746,946)	$ (972,603)	$ 15,642,516
Contributions on application	3,462,898	—	—	—	—
Contributions admitted to members' capital	(3,162,598)	3,162,598	—	—	3,162,598
Premiums paid on application by RMC	5,250	—	—	—	—
Premiums admitted to members' capital	(5,250)	5,250	—	—	5,250
Net income	—	723,338	—	—	723,338
Earnings distributed to members	—	(950,096)	—	—	(950,096)
Earnings distributed used in DRIP	—	515,519	—	—	515,519
Member's redemptions	—	(50,053)	—	—	(50,053)
Formation loan funding	—	—	—	(247,653)	(247,653)
Formation loan payments received	—	—	—	—	—
Syndication costs incurred	—	—	(140,894)	—	(140,894)
Early withdrawal penalties	—	—	—	—	—
Balances at September 30, 2014	$ 743,650	$20,768,621	$ (887,840)	$(1,220,256)	$ 18,660,525

	Managers: Capital	Managers: Unallocated Syndication Costs	Managers: Capital, net	Total Members' Capital
Balances at December 31, 2013	$ 25,755	$ (7,545)	$ 18,210	$ 15,660,726
Contributions on application	—	—	—	—
Contributions admitted to members' capital	3,168	—	3,168	3,165,766
Premiums paid on application by RMC	—	—	—	—
Premiums admitted to members' capital	—	—	—	5,250
Net income	7,306	—	7,306	730,644
Earnings distributed to members	(8,846)	—	(8,846)	(958,942)
Earnings distributed used in DRIP	—	—	—	515,519
Members' redemptions	—	—	—	(50,053)
Formation loan funding	—	—	—	(247,653)
Formation loan payments received	—	—	—	—
Syndication costs incurred	—	(1,423)	(1,423)	(142,317)
Early withdrawal penalties	—	—	—	—
Balances at September 30, 2014	$ 27,383	$ (8,968)	$ 18,415	$ 18,678,940

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

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Cash Flows
For the Nine Months Ended September 30, 2014 and 2013 (unaudited)

	2014	2013
Cash flows from operating activities		
Net income	$ 730,644	$ 599,743
Adjustments to reconcile net income to net cash provided by (used in) operating activities	—	—
Amortization of loan origination fees	80,627	113,936
Interest income, imputed on formation loan	(12,368)	(10,744)
Amortization of discount on formation loan	12,368	10,744
Change in operating assets and liabilities		
Accrued interest	(33,316)	9,181
Receivable from affiliate	15,037	(804)
Prepaid Expenses	25,000	—
Loan administration fees	(101,072)	(127,158)
Accounts payable	(50)	9,706
Payable to affiliate	(15,650)	270
Net cash provided by (used in) operating activities	701,220	604,874
Cash flows from investing activities		
Loans acquired from affiliates or managers	(9,601,250)	(6,364,016)
Loans acquired from third party	(736,000)	(6,094,500)
Principal collected on loans	7,394,643	10,529,060
Advances (made) repaid	(13,945)	975
Net cash provided by (used in) investing activities	(2,956,552)	(1,928,481)
Cash flows from financing activities		
Contributions by member applicants	3,471,345	1,213,144
Members' withdrawals	(493,476)	(469,977)
Syndication costs paid, net	(142,317)	(50,219)
Formation loan, funding	(247,653)	(83,842)
Formation loan, collections	—	559
Net cash provided by (used in) financing activities	2,587,899	609,665
Net increase (decrease) in cash and cash equivalents	332,567	(713,942)
Cash and cash equivalents at beginning of year	1,176,630	1,964,536
Cash and cash equivalents at end of quarter	$ 1,509,197	$ 1,250,594

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

REDWOOD MORTGAGE INVESTORS IX, LLC
Notes to Financial Statements
September 30, 2014 (unaudited)

NOTE 1 – ORGANIZATION AND GENERAL

In the opinion of the managers, the accompanying unaudited financial statements contain all adjustments, consisting of normal, recurring adjustments, necessary to present fairly the financial information included therein. These financial statements should be read in conjunction with the audited financial statements included in the company's Form 10-K for the fiscal year ended December 31, 2013 filed with the Securities and Exchange Commission (SEC). The results of operations for the nine month period ended September 30, 2014 are not necessarily indicative of the operating results to be expected for the full year.

Redwood Mortgage Investors IX, LLC (the company) is a Delaware limited liability company formed in October 2008 to make loans secured primarily by first and second deeds of trust on California real estate.

Redwood Mortgage Corp. (RMC) and its wholly-owned subsidiary Gymno LLC (Gymno) are the managers of the company. The mortgage loans the company invests in are arranged and are generally serviced by RMC. The managers are solely responsible for managing the business and affairs of the company, subject to the voting rights of the members on specified matters. Any one of the managers acting alone has the power and authority to act for and bind the company.

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

Members representing a majority of the outstanding units may, without the concurrence of the managers, vote to: (i) dissolve the company, (ii) amend the operating agreement, subject to certain limitations, (iii) approve or disapprove the sale of all or substantially all of the assets of the company or (iv) remove or replace one or all of the managers. The description of the company's operating agreement contained in these financial statements provides only general information.

A majority in interest of the members is required to elect a new manager to continue the company business after a manager ceases to be a manager due to its withdrawal.

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

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

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

NOTE 1 – ORGANIZATION AND GENERAL (continued)

Distribution reinvestment plan

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

Liquidity and unit redemption program

There are substantial restrictions on transferability of company units and accordingly an investment in the company is non-liquid. There is no public or secondary market for the units and none is expected to develop. Members have no right to withdraw from the company or to obtain the return of their capital account for at least one year from the date of purchase of units. The company will not establish a reserve from which to fund redemptions.

In order to provide a certain degree of liquidity, after the one year period, a member may redeem all or part of their units, subject to certain limitations. The price paid for redeemed units will be based on the lesser of the purchase price paid by the redeeming member or the member's capital account balance as of the date of each redemption payment. Redemption value will be calculated as follows:

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

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

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

Redemption payments for all individual members is not to exceed 5% of the weighted average number of units outstanding during the twelve month period immediately prior to the date of the redemption, and is restricted to the availability of company cash flow. At September 30, 2014, redemption payments pending were less than the 5% limitations.

Offering and proceeds

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

NOTE 1 – ORGANIZATION AND GENERAL (continued)

Offering and proceeds (continued)

The following summarizes the status of all offering proceeds, at $1 per unit, as of September 30, 2014.

• Proceeds from investors in applicant status (later accepted by the managers):	$	19,929,067
• Proceeds under our distribution reinvestment plan from electing members:	$	1,685,883
• Proceeds from premiums paid by RMC:	$	137,284[(1)]
• Total proceeds from units sold in the offerings:	$	21,752,234

(1) If a member acquired their units through an unsolicited sale, their capital account will be credited with their capital contribution plus the amount of the sales commissions, if any, paid by Redwood Mortgage Corp. that are specially allocated to the member.

Contributed capital - manager

The managers' required capital contribution is 1/10 of 1% of the aggregate capital accounts of the members.

Managers' interest

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

Syndication costs

In conjunction with the start-up of the company and ongoing offering of member units, RMI IX incurs syndication costs including legal and accounting fees, printing, mailing, distribution costs, filing fees, reimbursements to participating broker-dealers for due diligence expenses, reimbursements for training and education meetings for associated persons of a FINRA member, and marketing reallowances of up to 1% of gross offering proceeds (sale of units, excluding DRIP and premium units) but excluding certain sales commissions paid by RMC, principally to broker dealers. Syndication costs are charged against members' capital and are allocated to individual members consistent with the company's operating agreement. To the extent that the syndication costs exceed 4.5% of gross primary offering proceeds, RMC pays the costs on behalf of the company, and requests reimbursement on a quarterly basis up to an amount equal to the 4.5% of gross-primary-offering-proceeds limitation. At such time as RMC is reimbursed in full, subject to the 4.5% limitation, the company will pay any additional costs directly.

Sales commissions - formation loans

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

NOTE 1 – ORGANIZATION AND GENERAL (continued)

Income taxes and Members' capital – tax basis

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

Members' capital reconciliation

A reconciliation of members' capital in the financial statements to the tax basis of company capital is presented in the following table.

	September 30, 2014	December 31, 2013
Members' capital - financial statements	$ 18,678,940	$ 15,660,726
Unallocated syndication costs	896,808	754,491
Allowance for loan losses	—	—
Formation loans receivable	1,220,256	972,603
Members' capital - tax basis	$ 20,796,004	$ 17,387,820

Term of the Company

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions about the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Such estimates relate principally to the determination of the fair value of loans, primarily loans designated impaired, and the fair value of the related real estate collateral and real estate owned, if any. Actual results could differ significantly from these estimates.

- *Fair Value Estimates*

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date (i.e. the balance sheet 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Fair Value Estimates (continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the company’s own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the company’s own data.

For secured loans, the collaterals’ fair values are reviewed quarterly and the protective equity for each loan is computed. As used herein, “protective equity” is the arithmetic difference between the fair value of the collateral, net of any senior liens, and the loan balance, where “loan balance” is the sum of the unpaid principal, advances and the recorded interest thereon. This computation is done for each loan (whether performing or designated impaired).

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. These sources would be considered Level 2 inputs.

Appraisals of commercial real property generally present three approaches to estimating value: 1) market-comparables or sales approach; 2) cost to replace and 3) capitalized cash flows or investment approach. These approaches may or may not result in a common, single value. The market-comparables approach may yield several different values depending on certain basic assumptions, such as, determining highest and best use (which may or may not be the current use); determining the condition (e.g. as-is, when-completed, or for land when-entitled); and determining the unit of value (e.g. as a series of individual unit sales or as a bulk disposition).

Management has the requisite familiarity with the markets it lends in generally and of the properties lent on specifically to analyze sale comparables and assess their suitability/applicability. Management is acquainted with market participants – investors, developers, brokers, lenders – that are useful, relevant secondary sources of data and information regarding valuation and valuation variability. These secondary sources may have familiarity with and perspectives on pending transactions, successful strategies to optimize value, and the history and details of specific properties – on and off the market – that enhance the process and analysis that is particularly and principally germane to establishing value for property types – or individual properties that – do not transact regularly and/or would not qualify for traditional (e.g. bank) financing.

- 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.

<u>NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (continued)

- *Allowance for loan losses (continued)*

Performing loans, are aggregated by the property type of the underlying collateral, and for each loan and for the total by property type, the amount of protective equity or amount of exposure to loss (*i.e.,* the dollar amount of the deficiency of the fair value of the underlying collateral to the loan balance) is computed.

For impaired loans, a provision is made for loan losses to adjust the allowance for loan losses to an amount considered by management to be adequate such that the net carrying amount (principal, plus advances, plus accrued interest less the specific allowance) is reduced to the estimated fair value of the related collateral, net of any senior loans and net of any costs to sell in arriving at net realizable value if planned disposition of the asset securing a loan is by way of sale.

Based on its knowledge of the borrowers and their historical (and expected) performance, and the exposure to loss, management estimates an appropriate reserve by property type and for individual loans in the loan portfolio. Because the company is an asset-based lender, except as to certain consumer loans, and because specific regions, neighborhoods and even properties within the same neighborhoods, vary significantly as to real estate values and transaction activity, general market trends, which may be indicative of a change in the risk of a loss, and a borrower's credit worthiness are secondary to the condition of the property, the property type and the neighborhood/region in which the property is located.

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

- *Performance Estimates*

Since the inception of operations in the second half of 2009 through the quarter ended September 30, 2014, the company has distributed cash of approximately $3,700,000 (including $1,686,000 reinvested in DRIP units) to the members, based upon the managers' projections of net income using several variables which include, but are not limited to, an average rate of return for the loan portfolio, turnover rate of the loan portfolio, and the availability of quality loans for investment. The company's net income, applicable to members, during this period has been approximately $2,910,000. Distributions are reflected as a return of capital on the statement of changes in member's capital. Provided the company remains fully invested in performing mortgage loans, and sales of member interests continue at an accelerating rate, this difference of approximately $790,000 is expected to diminish and be eliminated in future years.

Cash and cash equivalents

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

Loans and interest income

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and interest income (continued)

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

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

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

Recently issued accounting pronouncements

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

NOTE 3 – MANAGERS AND OTHER RELATED PARTIES

The managers are allocated one percent of the profits and losses, which amounted to $2,669 and $1,867 for the three months ended, and $7,306 and $5,997 for the nine months ended, September 30, 2014 and 2013, respectively.

Formation loan

Formation loan transactions are presented in the following table for the nine months ended September 30, 2014 and from inception to September 30, 2014.

	Nine months Ended	Since Inception
Member contributions to date	$ 3,462,898	$ 20,672,717
Balance, beginning of period	$ 972,603	$ —
Formation loan made	247,653	1,452,340
Unamortized discount on formation loan	(31,075)	(155,597)
Formation loan made, net	1,189,181	1,296,743
Repayments received from RMC	—	(229,297)
Early withdrawal penalties applied	—	(2,787)
Formation loan, net	1,189,181	1,064,659
Unamortized discount on imputed interest	31,075	155,597
Balance, September 30, 2014	$ 1,220,256	$ 1,220,256

NOTE 3 – MANAGERS AND OTHER RELATED PARTIES (continued)

Formation loan (continued)

The formation loan has been deducted from members' capital in the balance sheets. As amounts are collected from RMC, the deduction from capital will be reduced. Interest has been imputed at the market rate of interest in effect at the end of each quarter for the new additions to the loan. If the managers are removed and RMC is no longer receiving payments for services rendered, the formation loan is forgiven.

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

2014	$	97,260
2015		122,026
2016		122,026
2017		122,026
2018		122,026
Thereafter		634,892
Total	$	1,220,256

RMC is required to repay the formation loan. During the offering period, RMC will repay annually, one tenth of the principal balance of the formation loan as of December 31 of the prior year. Upon completion of the offering, the formation loan will be amortized over 10 years and repaid in 10 equal annual installments.

The following commissions and/or fees are paid by the borrowers to the managers and their affiliates and are not an expense of the company.

- *Brokerage commissions, loan originations*

For fees in connection with the review, selection, evaluation, negotiation and extension of loans, RMC may collect a loan brokerage commission that is expected to range from approximately 2% to 5% of the principal amount of each loan made during the year. Total loan brokerage commissions are limited to an amount not to exceed 4% of the total company assets per year. The loan brokerage commissions are paid by the borrowers, and thus, are not an expense of the company. Loan brokerage commissions paid by the borrowers were $62,050 and $42,647 for the three months ended, and $174,039 and $104,387 for the nine months ended, September 30, 2014 and 2013, respectively.

- *Other fees*

RMC or Gymno will receive fees for processing, notary, document preparation, credit investigation, reconveyance, and other mortgage related fees. The amounts received are customary for comparable services in the geographic area where the property securing the loan is located, payable solely by the borrower and not by the company. These fees totaled $10,045 and $12,438 for the three months ended, and $24,635 and $22,710 for the nine months, ended September 30, 2014 and 2013, respectively.

NOTE 3 – MANAGERS AND OTHER RELATED PARTIES (continued)

The following fees are paid by the company to the managers.

- *Loan administrative fees*

RMC will receive a loan administrative fee in an amount up to 1% of the principal amount of each new loan originated or acquired on the company's behalf by RMC for services rendered in connection with the selection and underwriting of potential loans. Such fees are payable by the company upon the closing or acquisition of each loan. Loan administration fees incurred and paid by the company to RMC were approximately $26,810 and $56,836 for the three months ended, and $101,072 and $127,158 for the nine months ended, September 30, 2014 and 2013, respectively.

- *Mortgage servicing fees*

RMC earns mortgage servicing fees from the company of up to one-quarter of one percent (0.25%) annually of the unpaid principal of the loan portfolio or such lesser amount as is reasonable and customary in the geographic area where the property securing the mortgage is located. RMC is entitled to receive these fees regardless of whether specific mortgage payments are collected. The mortgage servicing fees are accrued monthly on all loans. Remittance to RMC is made monthly unless the loan has been assigned a specific loss reserve, at which point remittance is deferred until the specific loss reserve is no longer required, or the property has been acquired by the company. RMC, in its sole discretion, may elect to accept less than the maximum amount of the mortgage servicing fee to enhance the earnings of the company. An increase or decrease in this fee within the limits set by the operating agreement directly affects the yield to the members. Mortgage servicing fees incurred and paid were $10,719 and $7,219 for the three months, and $29,521 and $22,786 for the nine months, ended September 30, 2014 and 2013, respectively.

- *Asset management fees*

The managers are entitled to receive a monthly asset management fee for managing the company's portfolio and operations in an amount up to three-quarters of one percent (0.75%) annually of the portion of the capital originally committed to investment in mortgages, not including leverage, and including up to 2% of working capital reserves. This amount will be recomputed annually after the second full year of operations by subtracting from the then fair value of the company’s loans plus working capital reserves, an amount equal to the outstanding debt.

The managers, in their sole discretion, may elect to accept less than the maximum amount of the asset management fee to enhance the earnings of the company. For the three months ended September 30, 2014 the managers waived 50% of the asset management fee to which they were entitled. For periods prior to April 1, 2014, the managers waived the entire asset management fee. An increase or decrease in this fee, within the limits set by the operating agreement, directly affects the yield to the members. There is no assurance the managers will decrease or waive these fees in the future. The decision to waive fees and the amount, if any, to be waived, is made by the managers in their sole discretion.

Asset management fees paid to the managers are presented in the following table.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Maximum chargeable by the managers	$ 38,844	$ 31,179	$ 109,171	$ 91,557
Waived by the managers	(19,422)	(31,179)	(71,717)	(91,557)
Charged	$ 19,422	$ —	$ 37,454	$ —

NOTE 3 – MANAGERS AND OTHER RELATED PARTIES (continued)

- *Costs through RMC*

RMC, a manager, per the operating agreement, may request reimbursement by the company for operating expenses incurred on behalf of the company, including without limitation, accounting and audit fees, legal fees and expenses, postage and preparation of reports to members, and out-of-pocket general and administration expenses. Certain costs (e.g. postage) can be allocated specifically to a fund. Other costs are allocated on a pro-rata basis (e.g. by the funds' percentage of total capital of all mortgage funds managed by RMC). Payroll and consulting fees are broken out first based on activity, and then allocated to mortgage funds on a pro-rata basis based on percentage of capital to the total capital of all mortgage funds. The decision to request reimbursement of any qualifying charges is made by RMC in its sole discretion. Operating expenses were $27,224 and $28,654 for the three months ended, and $79,403 and $84,168 for the nine months ended, September 30, 2014 and 2013, respectively.

- *Syndication costs*

Syndication costs incurred by the company, or reimbursed by the company to RMC, are summarized in the following table for the nine months ended September 30.

	2014	2013
Balance, January 1	$ 754,491	$ 671,232
Costs reimbursed to RMC (1)	141,680	50,623
Costs paid by the company	637	—
Early withdrawal penalties applied (3)	—	(404)
Allocated to date (2)	—	—
Balance, September 30	$ 896,808	$ 721,451
Gross offering proceeds	$ 19,929,067	$ 16,034,917
Percent reimbursed to RMC	4.50%	4.50%

(1) The syndication costs are substantially front-ended, and paid by RMC as an advance to the company to the extent costs exceed 4.5% of the cumulative-to-date gross offering proceeds. RMC is reimbursed for these costs quarterly up to the 4.5% limitation. As of September 30, 2014, RMC had incurred approximately $3,005,000 of syndication costs for the start-up of the company and continued offering of the company's units, of which approximately $2,108,000 will be subject to reimbursement by the company to RMC, per the operating agreement, pending future sales of member units. When RMC is repaid in full, subject to the 4.5% limitation, the company will pay any additional costs directly. As of September 30, 2013, RMC had incurred approximately $2,642,000 of syndication costs for the company, of which approximately $1,920,000 was not yet subject to reimbursement.

(2) Allocation of the syndication costs to the individual investors' capital accounts begins after the company's fifth full fiscal year, in accordance with the terms of the company's operating agreement and IRS Code Section 709.

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

NOTE 4 – LOANS

Loans generally are funded at a fixed interest rate with a loan term of up to five years. Loans acquired are generally done so within the first nine months of origination, and purchased at the current par value, which approximates fair value. As of September 30, 2014, 49 of the company's 52 loans (representing 94% of the aggregate principal of the company's loan portfolio) have a loan term up to five years or less from loan inception. The remaining loans have terms longer than five years. Substantially all loans are written without a prepayment-penalty provision. As of September 30, 2014, 19 loans outstanding (representing 54% of the aggregate principal balance of the company's loan portfolio) provide for monthly payments of interest only, with the principal due in full at maturity. The remaining loans require monthly payments of principal and interest, typically calculated on a 30 year amortization, with the remaining principal balance due at maturity.

Secured loans unpaid principal balance (principal)

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

	2014	2013
Principal, January 1	$ 14,698,430	$ 11,891,017
Loans acquired from third party	736,000	6,094,500
Loans acquired from affiliates or managers	9,601,250	6,364,016
Payments received	(7,394,643)	(10,529,060)
Principal, September 30	$ 17,641,037	$ 13,820,473

Loan characteristics

Secured loans had the characteristics presented in the following table.

	September 30, 2014	December 31, 2013
Number of secured loans	52	51
Secured loans – principal	$ 17,641,037	$ 14,698,430
Secured loans – lowest interest rate (fixed)	7.25%	7.25%
Secured loans – highest interest rate (fixed)	10.00%	11.00%
Average secured loan – principal	$ 339,251	$ 288,205
Average principal as percent of total principal	1.92%	1.96%
Average principal as percent of members' capital	1.82%	1.84%
Average principal as percent of total assets	1.75%	1.79%
Largest secured loan – principal	$ 1,200,000	$ 1,200,000
Largest principal as percent of total principal	6.80%	8.16%
Largest principal as percent of members' capital	6.42%	7.66%
Largest principal as percent of total assets	6.18%	7.44%
Smallest secured loan – principal	$ 67,443	$ 68,276
Smallest principal as percent of total principal	0.38%	0.46%
Smallest principal as percent of members' capital	0.36%	0.44%
Smallest principal as percent of total assets	0.35%	0.42%
Number of counties where security is located (all California)	14	13
Largest percentage of principal in one county	32.37%	33.18%
Number of secured loans in foreclosure	—	—
Secured loans in foreclosure – principal	—	—
Number of secured loans with an interest reserve	—	—
Interest reserves	$ —	$ —

NOTE 4 – LOANS (continued)

Loan characteristics (continued)

As of September 30, 2014, the company's largest loan in the principal of $1,200,000 represents 6.80% of outstanding secured loans and 6.18% of company assets. The loan is secured by a residential property located in Santa Cruz, California, bears an interest rate of 8.75% and matures on August 1, 2015.

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

Distribution of loans within California

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

	September 30, 2014		December 31, 2013	
	Unpaid Principal Balance	Percent	Unpaid Principal Balance	Percent
San Francisco Bay Area				
San Francisco	$ 2,894,854	16.41%	$ 2,081,417	14.16%
Alameda	2,329,923	13.21	1,328,638	9.04
San Mateo	1,555,904	8.82	1,288,689	8.77
Santa Clara	1,039,706	5.89	1,298,471	8.83
Contra Costa	891,378	5.05	735,324	5.00
Marin	500,000	2.83	—	—
Sonoma	67,443	0.38	68,276	0.46
	9,279,208	52.59	6,800,815	46.26
Other Northern California				
Santa Cruz	1,200,000	6.80	1,200,000	8.16
Monterey	181,297	1.03	182,405	1.24
El Dorado	—	—	433,650	2.95
	1,381,297	7.83	1,816,055	12.35
Northern California Total	10,660,505	60.42	8,616,870	58.61
Los Angeles & Coastal				
Los Angeles	5,711,124	32.38	4,875,928	33.18
Orange	433,635	2.46	871,169	5.93
San Diego	97,505	0.55	196,663	1.34
	6,242,264	35.39	5,943,760	40.45
Other Southern California				
San Bernardino	636,673	3.61	137,800	0.94
Riverside	101,595	0.58	—	—
	738,268	4.19	137,800	0.94
Southern California Total	6,980,532	39.58	6,081,560	41.39
Total Secured Loans	$ 17,641,037	100.00%	$ 14,698,430	100.00%

NOTE 4 – LOANS (continued)

Commitments/loan disbursements/construction and rehabilitation loans

The company may make construction loans that are not fully disbursed at loan inception. Construction loans are determined by the managers to be those loans made to borrowers for the construction of entirely new structures or dwellings, whether residential, commercial or multi-family properties. The company will approve and fund the construction loan up to a maximum loan balance. Disbursements will be made periodically as phases of the construction are completed or at such other times as the loan documents may require. Undisbursed construction funds will be held in escrow pending disbursement. Upon project completion, construction loans are reclassified as permanent loans. Funding of construction loans is limited to 10% of the loan portfolio. At September 30, 2014, the company had no construction loans outstanding.

The company may also make rehabilitation loans. A rehabilitation loan will be approved up to a maximum principal balance and, at loan inception, will be either fully or partially disbursed. If fully disbursed, a rehabilitation escrow account is established and advanced periodically as phases of the rehabilitation are completed or at such other times as the loan documents may require. If not fully disbursed, the rehabilitation loan will be funded from available cash balances and future cash receipts. The company does not maintain a separate cash reserve to fund undisbursed rehabilitation loan obligations. Rehabilitation loan proceeds are generally used to acquire and remodel single family homes for future sale or rental. Upon project completion, rehabilitation loans are reclassified as permanent loans. Funding of rehabilitation loans is limited to 15% of the loan portfolio. At September 30, 2014, the company had no rehabilitation loans.

Lien position

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

	September 30, 2014			December 31, 2013		
	Loans	Principal	Percent	Loans	Principal	Percent
First trust deeds	42	$ 14,861,804	84%	35	$ 10,695,440	73%
Second trust deeds	10	2,779,233	16	16	4,002,990	27
Total secured loans	52	17,641,037	100%	51	14,698,430	100%
Liens due other lenders at loan closing		6,919,087			9,783,711	
Total debt		$ 24,560,124			$ 24,482,141	
Appraised property value at loan closing		$ 44,409,286			$ 43,596,000	
Percent of total debt to appraised values (LTV) at loan closing(1)		55.30%			56.16%	

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

NOTE 4 – LOANS (continued)

Property type

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

	September 30, 2014			December 31, 2013		
	Loans	Principal	Percent	Loans	Principal	Percent
Single family[2]	41	$ 13,344,191	76%	46	$ 13,300,082	91%
Multi-family	3	1,278,186	7	2	349,877	2
Commercial	8	3,018,660	17	3	1,048,471	7
Total secured loans	52	$ 17,641,037	100%	51	$ 14,698,430	100%

(2) Single family property type as of September 30, 2014 consists of six loans with principal of $1,526,227 that are owner occupied and 35 loans with principal of $11,817,964 that are non-owner occupied. At December 31, 2013, single family property consisted of ten loans with principal of $3,030,950 that were owner occupied and 36 loans with principal of $10,269,132 that were non-owner occupied.

Scheduled maturities

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

Calendar Year	Loans	Principal	Percent
2014[3]	1	$ 875,000	5%
2015	10	4,907,174	28
2016	10	3,238,352	18
2017	9	3,106,828	18
2018	9	1,959,080	11
2019	12	3,485,666	19
Thereafter	1	68,937	1
Total secured loans	52	$ 17,641,037	100%

(3) Loans maturing in 2014 from September 30 to December 31

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

The company reports maturity data based upon the most recent contractual agreement with the borrower. The table above includes one loan with an aggregate principal of $146,235 that is a renewal.

Delinquency

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

	September 30, 2014	December 31, 2013
Past Due		
30-89 days	$ 771,036	$ 596,967
90-179 days	194,923	—
180 or more days	—	—
Total past due	965,959	596,967
Current	16,675,078	14,101,463
Total secured loans	$ 17,641,037	$ 14,698,430

NOTE 4 – LOANS (continued)

Modifications and troubled debt restructurings

There were no loan modifications made during the three months ended September 30, 2014 and September 30, 2013, and no modifications were in effect as of September 30, 2014 and 2013.

Loans in non-accrual status

At September 30, 2014 and December 31, 2013, there were no loans designated in non-accrual status.

Impaired loans/allowance for loan losses

At September 30, 2014 and December 31, 2013, the company had not designated any loans as impaired, and had not recorded an allowance for loan losses as all loans were deemed to have protective equity (*i.e.*, low loan-to-value ratio) such that collection is reasonably assured for amounts owing.

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

On a non-recurring basis, loans designated impaired which had a change during the year to their specific allowance for loan loss, will be recorded at fair value. The company did not have any loans designated impaired at September 30, 2014 and December 31, 2013.

Fair Value

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

(a) Secured loans other than those designated impaired (Level 2) – The recorded amount of the performing loans (i.e. the loan balance) is deemed to approximate the fair value. The company prices its loans uniquely and generally pricing does not react to other than significant changes in the prevailing interest rate indices. 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 company 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 and any potential loan buyers would be hesitant to risk paying above par. Due to these factors sales of the loans are infrequent and an active market does not exist.

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

NOTE 4 – LOANS (continued)

Fair Value (continued)

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

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

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

Multi-family residential – Management's preferred method for determining the aggregate retail value of its multifamily units is the sale comparison method. Sale comparables are reviewed for similarity to the subject property, examining features such as proximity to subject, rental income, number units, composition of units by the number of bedrooms and bathrooms, square footage, condition, amenities, and year built.

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

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

Commercial buildings – Where commercial rental income information is available, management's preferred method for determining the fair value of its commercial real estate assets is the direct capitalization method. In order to determine market capitalization 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 capitalization rate to the subject's most recent available annual net operating income to determine the property's value as an income-producing commercial rental project. When reliable net operating income information is not available or the project is under development or is under-performing to market, management will seek additional information and analysis to determine the cost to improve and the intrinsic fair value

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

Commercial land – Commercial land has many variations/uses, thus requiring management to employ a variety of methods depending upon the unique characteristics of the subject land. Market in the form of a sale comparison analysis (where adequate sale comparables are available), broker's opinion of value, or appraisal are used.

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

Legal proceedings

In the normal course of business, the company may become involved in various legal proceedings such as assignment of rents, bankruptcy proceedings, appointment of receivers, unlawful detainers, judicial foreclosure, etc., to enforce the provisions of the deeds of trust, collect the debt owed under the promissory notes, or to protect, or recoup its investment from the real property secured by the deeds of trust and to resolve disputes between borrowers, lenders, lien holders and mechanics. None of these actions typically would be of any material importance. As of September 30, 2014, the company is not involved in any legal proceedings other than those that would be considered part of the normal course of business.

Commitments

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

NOTE 6 – SUBSEQUENT EVENTS

None

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

The following discussion and analysis should be read in conjunction with the unaudited financial statements and notes thereto, which are included in Item 1 of this Report, as well as the audited financial statements and the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the company's Annual Report on Form 10-K for the year ended December 31, 2013.

Forward-Looking Statements

Certain statements in this Report on Form 10-Q which are not historical facts may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding the company's expectations, hopes, intentions, beliefs and strategies regarding the future. Forward-looking statements include statements regarding future interest rates and economic conditions and their effect on the company and its assets, that the difference between net income recorded and cash distributed to members will diminish in the future, trends in the California real estate market, estimates as to the allowance for loan losses, estimates of future member redemptions, the company's full investment of cash, future funding of loans by the company, and beliefs relating to how the company will be affected by current economic conditions and trends in the financial and credit markets. Actual results may be materially different from what is projected by such forward-looking statements. Factors that might cause such a difference include unexpected changes in economic conditions and interest rates, the effect of competition and competitive pricing and downturns in the real estate markets in which the company has made loans. All forward-looking statements and reasons why results may differ included in this Form 10-Q are made as of the date hereof, and we assume no obligation to update any such forward-looking statement or reason why actual results may differ.

Overview

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

In December 2012, the first follow-on offering was declared effective by the Securities and Exchange Commission. The same number of units are being offered in the follow-on offering (150,000,000 primary units and 37,500,000 units under the distribution reinvestment plan) as were offered in the initial public offering that commenced in June 2009.

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

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

Critical Accounting Policies

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

Managers and Other Related Parties

See Notes 1 (Organization and General) and 3 (Managers and Other Related Parties) to the financial statements included in Part I, Item 1 of this Report for a detailed presentation of the company activities for which related parties are compensated and related transactions, including the formation loan to RMC, which presentation is incorporated by this reference into this Item 2.

Results of Operations

General Economic Conditions in California

As noted in the Wells Fargo Economics Group report "California Employment Conditions: September 2014" (The Wells Sept. 2014 Report) - "After 30 months of year-over-year employment gains greater than the national average, California's growth rate has moderated right in line with nationwide growth. In September, nonfarm payrolls fell by 9,800, though the unemployment rate ticked down to 7.3 percent. California still has numerous bright spots and a month of job losses is no reason to become concerned. Two of the fastest growing industries in the state are information, which includes many tech companies involved in developing internet applications and most of the state's important entertainment business. Professional and businesses services, which is split between technical industries and administrative and support ones, is another rapid growth area and also include many technology fields. With the exception of the support functions, these jobs typically pay high wages, which help support growth in retailing, construction and household services. The greatest benefactor has been the construction industry, where employment grew 0.7 percent in September alone and is up 6.0 percent from a year before. The strongest growth in the industry has been in the construction of buildings, both residential and nonresidential. Growing investment in the nonresidential sector primarily reflects growth in office jobs and wholesale trade & distribution."

The Wells Sept. 2014 Report noted the following regarding specific area's (Coastal California: San Francisco, San Jose, Los Angeles and the Southland) in which our lending is focused.

-"The overall trend in San Francisco and San Jose remains a bit stronger than in the southern part of the state. Employment growth in the San Francisco area is up 3.7 percent over the past year, while employment in San Jose is up 3.5 percent. In San Francisco, the strongest monthly gains were concentrated in construction, employment services and education services, the latter of which may also be a seasonal adjustment issue. Growth is considerably stronger in other industries. Professional, scientific & technical services employment is up 6.2 percent from a year ago, while information employment is up 6.0 percent."

-"The San Jose metropolitan area continues to be pulled forward by the region's tech sector. Information employment is up a whopping 12.3 percent from a year ago, while computer systems design and related employment is 4.3 percent higher. In addition, computer and peripheral equipment manufacturing is 9.4 percent higher above its year ago level. Employment at most other high–tech manufacturers, including semiconductor, electronics instrument, and producers of aerospace products, continues to struggle."

-"On an adjusted basis, the largest employment gains were in Los Angeles County, which added 27,800 workers in September alone. Despite the big over the month gain, employment is essentially rising in line with the state average on a year-to-year basis."

This is a continuation of trends noted in the "California Economic Outlook: March 2014" also published by the Wells Fargo's Economics Group: "The Golden State's Economy continues to grow at a pace slightly ahead of the nation's, although gains have been heavily weighted toward the state's larger metropolitan areas along the coast. Technology, tourism and retail trade have led the recovery in job growth in recent years, which has helped trim the unemployment rate and revive housing demand." The report states in its Summary and Outlook Section: "California's economy continues to gradually gain momentum. While the recovery has been slower than in the past, the state has methodically made progress working through a number of major impediments, most notably the overhang of foreclosures and distressed homes left over from the housing bust." Further contained in that section: "The biggest headlines and strongest job gains continue to be in California's tech sector, much of which is centered in the Bay Area."

Performance Highlights

Since the inception of operations in the 4th quarter of 2009, the company has raised member capital at a moderate, steady pace. Members' capital at September 30, 2014, was approximately $18,679,000, an increase of $17,555,000 since December 31, 2009. The company's investment in mortgage loans is increasing steadily since commencement of operations. Mortgage loan balances at September 30, 2014 were approximately $17,641,000, an increase of $16,382,000 since December 31, 2009.

Net income for the quarter ended September 30, 2014 increased by $80,000 compared to the quarter ending September 30, 2013. Revenue from the collection of interest on loans, net increased by $98,000 due to growth of the secured loan portfolio. The increase in operating expenses of $19,000 is attributed to an increase in asset management fees related to a change in percentage waived by the manager. Key Performance Indicators are presented in the following table for the three and nine months ended September 30, 2014, 2013 and 2012.

To date, our loan underwriting has resulted in a low delinquency rate. The tight mortgage credit standards among traditional lenders such as banks, the improving economy and the improving real estate markets in areas in which we concentrate our lending has increased the number of borrowers who meet our underwriting standards. These borrowers have been willing to accept our rates and fees as underwriting standards and funding capacity for conventional lenders (e.g. banks) remain constrained. This is reflected in the favorable stated interest rates and effective yields on the portfolio discussed below in the section Revenue – Interest on loans. See Note 4 (Loans) to the financial statements included in Part I, Item 1 of this report for a detailed presentation on the secured loan portfolio.

The company continues to conservatively underwrite mortgage loan opportunities with the goal of building a well performing mortgage loan portfolio, with the expectation of consistent, on-time mortgage payments.

Key Performance Indicators

	For the three months ended September 30,		
	2014	2013	2012
Secured loans – average daily balance	$ 17,128,667	$ 11,948,052	$ 8,162,377
Secured loans – end of period	$ 17,641,037	$ 13,820,473	$ 9,268,525
Members' capital, gross – average balance	$ 20,229,343	$ 16,267,696	$ 13,354,811
Members' capital, gross – end of period	$ 20,768,621	$ 16,485,396	$ 13,821,119
Interest on loans, gross	$ 366,153	$ 285,607	$ 180,430
Percent(1)	8.6%	9.6%	8.8%
Amortization of loan administration fees	$ 24,875	$ 42,741	$ 12,268
Percent(1)	0.6%	1.4%	0.6%
Interest on loans, net	$ 341,278	$ 242,866	$ 168,162
Percent(1)	8.0%	8.1%	8.2%
Provision for loan losses	$ —	$ —	$ —
Percent(1)	—%	—%	—%
Total operating expenses	$ 77,741	$ 58,758	$ 30,069
Percent(1)	1.8%	2.0%	1.5%
Percent(2)	1.5%	1.4%	0.9%
Net Income	$ 266,851	$ 186,731	$ 139,090
Percent(1)	6.2%	6.3%	6.8%
Percent(2)	5.3%	4.6%	4.2%
Member Distributions	$ 337,647	$ 270,505	$ 219,263
Percent(1)	7.9%	9.1%	10.8%
Percent(2)	6.5%	6.5%	6.5%

In the two years to September 30, 2014, the Secured loans – average daily balance for the three months then ended increased approximately $8,966,000, or approximately 110%. Interest on loans, net increased $173,116 (103%) and Net Income increased $127,761 (92%) as RMI IX's increasing interest income from its increasing loan balances was offset in part by a reduced level of expense support from RMC. (At its sole discretion, RMC may incur expenses otherwise to be incurred by RMI IX or may waive fees and reimbursements from RMI IX to which RMC is entitled). Operating expenses as a percent of Interest on loans, net was 23%, 24% and 18% in 2014, 2013 and 2012, respectively. As loan balances continue to increase, operating expenses as a percent of interest on loans, net will likewise decline (even with reduced levels of expense support from RMC).

Secured loans as a percent of members' capital (based on average daily balances) was 85%, 73%, and 61% for the three months ended September 30, 2014, 2013 and 2012 respectively. When RMI IX achieves and maintains full investment (secured loans at 90+% of members' capital) – and with improving net income – the Net Income is expected to match and then exceed the amount of member distributions.

	For the nine months ended September 30,		
	2014	2013	2012
Secured loans – average daily balance	$ 16,040,345	$ 12,149,880	$ 7,715,385
Secured loans – end of period	$ 17,641,037	$ 13,820,473	$ 9,268,525
Members' capital, gross – average balance	$ 18,991,196	$ 15,879,669	$ 12,537,525
Members' capital, gross – end of period	$ 20,768,621	$ 16,485,396	$ 13,821,119
Interest on loans, gross	$ 1,070,083	$ 871,548	$ 526,357
Percent(1)	8.9%	9.6%	9.1%
Amortization of loan administration fees	$ 80,627	$ 113,936	$ 41,075
Percent(1)	0.7%	1.3%	0.7%
Interest on loans, net	$ 989,456	$ 757,612	$ 485,282
Percent(1)	8.2%	8.3%	8.4%
Provision for loan losses	$ —	$ —	$ —
Percent(1)	—%	—%	—%
Total operating expenses	$ 266,453	$ 163,922	$ 87,609
Percent(1)	2.2%	1.8%	1.5%
Percent(2)	1.9%	1.4%	0.9%
Net Income	$ 730,644	$ 599,743	$ 402,282
Percent(1)	6.1%	6.6%	7.0%
Percent(2)	5.1%	5.0%	4.3%
Member Distributions	$ 950,096	$ 793,792	$ 615,596
Percent(1)	7.9%	8.7%	10.6%
Percent(2)	6.5%	6.5%	6.5%

(1) Percent of secured loans – average daily balance, annualized
(2) Percent of members' capital, gross – average balance, annualized

At September 30, 2014, the Secured loans – average daily balance for the nine months then ended increased approximately $8,325,000, or approximately 108% over average daily balance for the nine months ended September 30, 2012. Interest on loans, net increased $504,174 (104%) and Net Income increased $328,362 (82%) as RMI IX's increasing interest income from its increasing loan balances was offset in part by a reduced level of expense support from RMC. (At its sole discretion, RMC may incur expenses otherwise to be incurred by RMI IX or may waive fees and reimbursements from RMI IX to which RMC is entitled). Operating expenses as a percent of Interest on loans, net was 27%, 22% and 18% in 2014, 2013 and 2012, respectively. As loan balances continue to increase, operating expenses as a percent of interest on loans, net will likewise decline (even with reduced levels of expense support from RMC).

Secured loans as a percent of members' capital (based on average daily balances) was 84%, 77%, and 62% in 2014, 2013 and 2012 respectively. When RMI IX achieves and maintains full investment (secured loans at 90+% of members' capital) – and with improving net income – the Net Income is expected to match and then exceed the amount of member distributions.

Changes to the company's results of operation are discussed below for the three and nine months ended September 30.

	Changes for the three months ended September 30, 2014 versus 2013		Changes for the nine months ended September 30, 2014 versus 2013	
	Dollars	Percent	Dollars	Percent
Revenue, net				
Interest income				
Loans	$ 98,412	41%	$ 231,845	31%
Imputed interest on formation loan	807	22	1,624	15
Total interest income	99,219	40	233,469	30
Interest expense, amortization of discount on formation loan	807	22	1,624	15
Net interest income	98,412	41	231,845	31
Late fees	641	24	1,588	27
Other	50	100	(1)	(1)
Total revenues, net	99,103	40	233,432	31
Provision for loan losses	—	—	—	—
Operating expenses				
Mortgage servicing fees	3,500	48	6,735	30
Asset management fees	19,422	100	37,454	100
Costs through RMC	(1,430)	(5)	(4,765)	(6)
Professional services	(2,035)	(10)	55,372	126
Other	(474)	(15)	7,735	60
Total operating expenses	18,983	32	102,531	63
Net income (loss)	$ 80,120	43%	$ 130,901	22%

Please refer to the above table and the Statements of Income in the financial statements in Part I, Item 1 of this report, throughout the discussions of Results of Operations.

Significant changes to income or expense areas for the three month period ended September 30, 2014 compared to the same period in 2013 are summarized in the following table.

	Interest Income Loans	Other Income	Operating Expenses	Net Income
Three months ended September 2014	$ 341,278	$ 3,314	$ 77,741	$ 266,851
Three months ended September 2013	242,866	2,623	58,758	186,731
Change	98,412	691	18,983	80,120
Explanation of change				
Loan Balance Increase	123,817	—	3,500	120,317
Loan Portfolio Effective Yield Rate	(30,169)	—	—	(30,169)
Late Fees	—	641	—	641
Asset Management Fee Rate	—	—	19,422	(19,422)
Manager Expense Reimbursements	—	—	(2,035)	2,035
Other	4,764	50	(1,904)	6,718
Change	$ 98,412	$ 691	$ 18,983	$ 80,120

Significant changes to income or expense areas for the nine month period ended September 30, 2014 compared to the same period in 2013 are summarized in the following table.

	Interest Income Loans	Other Income	Operating Expenses	Net Income
Nine months ended September 2014	$ 989,457	$ 7,640	$ 266,453	$ 730,644
Nine months ended September 2013	757,612	6,053	163,922	599,743
Change	231,845	1,587	102,531	130,901
Explanation of change				
Loan Balance Increase	278,946	—	6,735	272,211
Loan Portfolio Effective Yield Rate	(61,053)	—	—	(61,053)
Late Fees	—	1,588	—	1,588
Asset Management Fee Rate	—	—	37,454	(37,454)
Manager Expense Reimbursements	—	—	55,372	(55,372)
Other	13,952	(1)	2,970	10,981
Change	$ 231,845	$ 1,587	$ 102,531	$ 130,901

Revenue – Interest on loans

The increase in interest on loans is due to the growth of the secured loan portfolio. The decrease in average yield rates is due to the increased volume of loans made at competitive market rates. The average secured loan balance, the stated portfolio average yield and the effective average yield rate for the three and nine months ended September 30, 2014 and 2013, are shown in the table below.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Secured loans – average daily balance	$ 17,128,667	$ 11,948,052	$ 16,040,345	$ 12,149,880
Interest on loans, gross	366,153	285,607	1,070,083	871,548
Amortization of loan administration fees	24,875	42,741	80,627	113,936
Interest on loans, net	341,278	242,866	989,456	757,612
Portfolio Average Interest Rate(1)	8.83%	9.54%	9.04%	9.52%
Effective Average Yield Rate(2)	8.55%	9.56%	8.89%	9.56%

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

Provision for loan losses/allowance for loan losses

At September 30, 2014 and 2013, the company had not recorded an allowance for loan losses as no loans were designated as impaired, and all loans had protective equity such that at September 30, 2014 and 2013, collection was deemed probable for amounts owing. Since inception, the company has not foreclosed nor acquired any of the collateral real estate.

See Note 4 (Loans) to the financial statements included in Part I, Item 1 of this report for detailed presentations on the secured loan portfolio and on the allowance for loan losses, which presentations are incorporated by this reference into this Item 2.

Operating Expenses

Operating expenses as a percent of “Total revenues, net” were 23% and 24% for the three months ended September 30, 2014 and 2013, and were 27% and 22% for the nine months ended September 30, 2014 and 2013, respectively.

Operating expense, for the three months ended September 30, 2014, increased by $19,000 principally as a result of an $19,000 increase in Asset Management Fees. Beginning in the second quarter of 2014, the company was charged 50% of the Asset Management Fees. For periods prior to April 1, 2014 the manager waived its right to the asset management fee.

Operating expense for the nine months ended September 30, 2014 increased by $103,000 primarily due to the increases in Asset Management Fees, discussed above, as well as audit and tax fees, which prior to 2014 had been paid by RMC at its sole discretion. During 2014, the company paid its accounting and tax fees of $73,000 directly, in part due to the continued growth of the portfolio. These fees are primarily paid in the first quarter and are not indicative of continued expenses for the year.

– Mortgage servicing fees

The increase in mortgage servicing fees of $3,500 for the three months ended, and $6,735 for the nine months ended September 30, 2014, compared to the same periods in 2013, is consistent with the increases in the average daily secured loan portfolio.

– Asset management fees

RMC at its sole discretion, waived asset management fees of $19,422 and $31,179 during the three months ended, and $71,717 and $91,557 during the nine months ended September 30, 2014 and 2013, respectively. Beginning in the second quarter of 2014, RMC elected to charge the company 50% of the total fee incurred. There is no assurance RMC will waive any portion of its right to receive such fees in future periods.

– Costs through RMC

The decrease in costs reimbursed to RMC was primarily due to a revision in the manager's expense allocations, done in accordance with the operating agreement.

– Professional services

Professional fees consists primarily of audit and tax expenses, which prior to 2014 had been paid by RMC at its sole discretion, and for which reimbursement could have been requested. During the nine months ended September 30, 2014, the company paid its accounting and tax fees of $73,000 directly, in part due to the continued growth of the portfolio. These fees are primarily paid in the first quarter and are not indicative of continued expenses for the year.

– Other Fees

Other fees consists primarily of state tax expenses, which increased by $8,000 for the nine months ended September 30, 2014 due to the increase in revenue during 2013 of 48%. California state taxes are due in the second quarter of the tax year, and are not indicative of continued expenses for the year. The company is currently in the second highest tax bracket of the LLC fee structure.

Summary Comparison – Quarter over quarter

Significant changes to income or expense items for the three month period ended September 30, 2014 compared to the three month period ended June 30, 2014 are summarized in the following tables.

	Interest Income Loans	Other Income	Operating Expenses	Net Income
Three months September 2014	$ 341,278	$ 3,314	$ 77,741	$ 266,851
Three months June 2014	333,001	3,058	74,112	261,947
Change	8,277	256	3,629	4,904
Explanation of change				
Loan Balance Increase	30,578	—	—	30,578
Loan Portfolio Effective Yield Rate	(20,118)	—	—	(20,118)
Late Fees	—	256	—	256
Asset Management Fee Rate	—	—	—	—
Manager Expense Reimbursements	—	—	—	—
Cost Allocation Adjustments	—	—	16,628	(16,628)
Income Tax Payment	—	—	(12,128)	12,128
Other	(2,183)	—	(871)	(1,312)
Change	$ 8,277	$ 256	$ 3,629	$ 4,904

	Three months ended	
	September 30, 2014	June 30, 2014
Secured loans – average daily balance	$ 17,128,667	$ 15,778,659
Interest on loans, gross	366,153	357,245
Amortization of loan administration fees	24,875	24,244
Interest on loans, net	341,228	333,001
Portfolio Average Interest Rate(1)	8.83%	9.01%
Effective Average Yield Rate(2)	8.55%	9.06%

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

Liquidity and Capital Resources

The company relies upon sales of units, loan payoffs, borrowers' mortgage payments, and, to a lesser degree and, if obtained, a line of credit, or proceeds from real estate owned financing or sales, should the company acquire the collateral securing our loans, for the source of funds for loans. We expect cash will be generated from borrower payments of interest, principal and loan payoffs and the resulting cash flow will exceed company expenses, earnings and unit redemptions. Excess cash flow, if any, will be invested in new loan opportunities, when available, and will be used to reduce a credit line (should the company obtain a credit line) or in other company business. Over the last three to four years, interest rates generally, and mortgage interest rates specifically, have been at historically low levels. If interest rates were to increase substantially, the yield of the company's loans may provide lower yields than other comparable debt-related investments. In such event, unit purchases by prospective members could decline, which would reduce our overall liquidity. Additionally, if, as expected, we make primarily fixed rate loans, if interest rates were to rise, the likely result would be a slower prepayment rate for the company. This could cause a lower degree of liquidity as well as a slowdown in the ability of the company to invest in loans at the then current interest rates. Conversely, in the event interest rates were to decline, we could see both or either of a surge of unit purchases by prospective members, and significant borrower prepayments, which, if we can only obtain the then existing lower rates of interest may cause a dilution of our yield on loans, thereby lowering our overall yield to members. We, to a lesser degree, expect to rely upon a line of credit to fund loans. To date we have not obtained a line of credit. Generally, our loans are anticipated to be fixed rate, whereas a credit line will likely be a variable rate loan. In the event of a significant increase in overall interest rates, a credit line rate of interest could increase to a rate above the average portfolio rate of interest. Should such an event occur, the managers would desire to pay off the line of credit. Retirement of a line of credit would reduce our overall liquidity.

The company's loans generally have shorter maturity terms than typical mortgages. As a result, constraints on the ability of our borrowers to refinance their loans on or prior to maturity would have a negative impact on their ability to repay their loans. In the event a borrower is unable to repay a loan at maturity due to their inability to refinance the loan or otherwise, the company may consider extending the maturing loan through workouts or modifications, or foreclosing on the property as the managers deem appropriate based on their evaluation of each individual loan. A slow down or reduction in loan repayments would likely reduce the company's cash flows and restrict the company's ability to invest in new loans or provide earnings and capital distributions.

Cash Receipts and Disbursements

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Cash – operations				
Interest received	$ 328,702	$ 229,884	$ 935,696	$ 744,312
Other loan income	3,314	2,623	7,640	6,053
Operating expense	(61,314)	(50,432)	(242,116)	(145,530)
Cash from operations	270,702	182,075	701,220	604,835
Cash – loan principal/advances				
Principal collected on loans	2,395,003	2,928,494	7,394,643	10,529,060
Loans originated	(2,991,000)	(5,683,600)	(10,337,250)	(12,458,516)
Advances on loans	(4,171)	(35)	(13,945)	975
Cash from loan principal/advances	(600,168)	(2,755,141)	(2,956,552)	(1,928,481)
Cash – Members' capital				
Contributions by members	1,315,139	749,465	3,471,345	1,213,183
Syndication costs paid, net	(45,706)	(18,100)	(142,317)	(50,219)
Formation loan, net	(91,863)	(52,399)	(247,653)	(83,283)
Cash from members' capital	1,177,570	678,966	3,081,375	1,079,681
Net cash increase(decrease) before distributions to members	848,104	(1,894,100)	826,043	(243,965)
Distributions to members				
Earnings Distributed	(346,493)	(276,770)	(958,942)	(800,058)
Reinvested via DRIP	184,644	134,922	515,519	388,271
Redemptions	(50,053)	(22,140)	(50,053)	(58,190)
Cash distributions to members	(211,902)	(163,988)	(493,476)	(469,977)
Net increase(decrease) in cash	$ 636,202	$ (2,058,088)	$ 332,567	$ (713,942)
Cash, end of period	$ 1,509,197	$ 1,250,594	$ 1,509,197	$ 1,250,594

Cash from operations increased $88,627 and $96,385 year-over-year (2014 compared to 2013) for the three month and nine month periods, respectively, as a result of the increase in Interest income, net in the same periods. In all periods presented the amount of Loans originated exceeds the amount of Principal collected on loans as RMI IX continues to increase members' capital at an increasing pace (2014 compared to 2013) in a favorable lending environment in the coastal California real estate markets that are our principal areas of concentration.

Distribution reinvestment plan

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

During the three and nine months ended September 30, 2014 and 2013, the company, after allocation of syndication costs, made the following distributions of cash both to the members who elected to participate in the distribution reinvestment plan and those that chose not to participate in the distribution reinvestment plan.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Reinvesting	$ 184,644	$ 134,922	$ 515,519	$ 388,271
Distributing	153,003	135,583	434,577	405,521
Total	$ 337,647	$ 270,505	$ 950,096	$ 793,792
Percent of members' capital, electing distribution	45%	50%	46%	51%

Unit redemption program

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

The table below sets forth actual redemptions for the three and nine months ended September 30.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Capital redemptions-without penalty	$ 50,053	$ 22,140	$ 50,053	$ 42,140
Capital redemptions-subject to penalty	—	—	—	16,050
Total	$ 50,053	$ 22,140	$ 50,053	$ 58,190

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

Contractual Obligations

At September 30, 2014 the company had no contractual obligations, except to reimburse RMC for syndication costs. As of September 30, 2014, approximately $2,108,000 was to be reimbursed to RMC contingent upon future sales of member units. See Note 3 (Managers and Other Related Parties-Syndication Costs) to the financial statements included in Part I, Item 1 of this report for a detailed presentation on commitments and contingencies, which presentation is incorporated by this reference into this Item 2.

Net Income/Member Distributions

During the three and nine months ended September 30, 2014 and 2013 the company's distributed annualized yield was 6.50%. The company's cash distributions to members (excluding redemptions) were $337,647 and $270,505 during the three months ended, and $950,096 and $793,792 during the nine months ended September 30, 2014 and 2013, respectively. To determine the amount of cash to be distributed in any specific month, the company relies in part on its annual forecast of profits, which takes into account the difference between the forecasted and actual results in the prior year and the requirement to maintain a cash reserve.

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

Net cash provided by (used in) operating activities, net income, and distributions to members, from inception to September 30, 2014, are summarized in the following table:

Quarters ending by Year	Net Cash Provided by (Used In) Operating Activities	Net Income	Distributions To Members	Distributions To Managers	Percent of Distributions Paid From Net Cash Provided by (Used In) Operating Activities	Percent of Net Income Covering Total Distributions
2009						
Sep. 30	$ —	$ —	$ —	$ —	—%	—%
Dec. 31	(68,128)	14,055	13,914	141	(490)	101
	(68,128)	14,055	13,914	141	(490)	101
2010						
Mar. 31	(27,333)	27,335	28,048	179	(97)	97
Jun. 30	137,616	23,534	38,713	—	355	61
Sep. 30	45,968	56,474	58,414	—	79	97
Dec. 31	54,852	58,341	78,800	1,477	70	74
	211,103	165,684	203,975	1,656	103	81
2011						
Mar. 31	64,741	96,883	112,962	—	57	86
Jun. 30	125,021	116,177	147,873	2,131	85	79
Sep. 30	117,179	151,211	162,965	(2,131)	72	93
Dec. 31	153,654	153,681	176,990	—	87	87
	460,595	517,952	600,790	—	77	86
2012						
Mar. 31	170,559	159,935	191,236	—	89	84
Jun. 30	114,514	103,257	205,097	5,180	56	50
Sep. 30	92,938	139,090	219,263	—	42	63
Dec. 31	190,706	224,335	239,204	—	80	94
	568,717	626,617	854,800	5,180	67	73
2013						
Mar. 31	198,925	223,791	257,733	—	77	87
Jun. 30	224,856	189,221	265,554	—	85	71
Sep. 30	182,068	186,731	270,505	6,266	67	69
Dec. 31	201,779	284,880	282,603	—	71	101
	807,628	884,623	1,076,395	6,266	75	82
2014						
Mar. 31	248,421	201,846	297,916	—	83	68
Jun. 30	182,097	261,947	314,533	—	58	83
Sep. 30	270,702	266,851	337,647	8,846	80	79
	701,220	730,644	950,096	8,846	74	77
Program to date	$2,681,135	$2,939,575	$3,699,970	$22,089	72%	79%
Cumulative						
Thru 2009	(68,128)	14,055	13,914	141	(490)	101
Thru 2010	142,975	179,739	217,889	1,797	66	82
Thru 2011	603,570	697,691	818,679	1,797	74	85
Thru 2012	1,172,287	1,324,308	1,673,479	6,977	70	79
Thru 2013	1,979,915	2,208,931	2,749,874	13,243	72	80
Thru Q3 2014	2,681,135	2,939,575	3,699,970	22,089	72	79

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not included because the company is a smaller reporting company.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes to Internal Control Over Financial Reporting

There have not been any changes in the manager's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the quarter ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, the manager's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. **Legal Proceedings**

In the normal course of business, the company may become involved in various legal proceedings such as assignment of rents, bankruptcy proceedings, appointment of receivers, unlawful detainers, judicial foreclosure, etc., to enforce the provisions of the deeds of trust, collect the debt owed under the promissory notes, or to protect, or recoup its investment from the real property secured by the deeds of trust and to resolve disputes between borrowers, lenders, lien holders and mechanics. None of these actions typically would be of any material importance. As of September 30, 2014, the company is not involved in any legal proceedings other than those that would be considered part of the normal course of business.

ITEM 1A. **Risk Factors**

There have been no material changes to the risk factors set forth in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 2. **Unregistered Sales of Equity Securities and Use of Proceeds**

Use of Proceeds from Registered Securities

On June 8, 2009, the company's Registration Statement on Form S-11 (File No. 333-155428), covering our primary offering to the public of up to 150,000,000 units of membership interests and our offering to members of up to 37,500,000 units of membership interests pursuant to our distribution reinvestment plan, in each case for $1.00 per unit, was declared effective by the Securities and Exchange Commission, and the company commenced its initial public offering.

On December 4, 2012, the company's initial public offering was terminated, the company's Registration Statement on Form S-11 (File No. 333-181953) was declared effective by the Securities and Exchange Commission, and the company commenced its first follow-on public offering, pursuant to which it is offering the same number of units in its primary offering (150,000,000 units) and under its distribution reinvestment plan (37,500,000 units) as were offered in its initial public offering, at the same price per unit as the initial public offering.

As of September 30, 2014, 21,752,234 units had been sold in the offerings, for gross offering proceeds of $21,752,234, including 1,685,883 units issued under our distribution reinvestment plan and 137,284 units from premiums paid by RMC.

From the subscription proceeds of $20,672,717, we incurred approximately $1,452,340 in selling commissions and from the subscriptions admitted of $19,929,067 (excluding units issued under our distribution reinvestment plan and units from premiums paid by RMC), we incurred approximately $896,808 in organization and offering costs. We intend to use substantially all of the net offering proceeds from the offerings to make loans.

Recent Sales of Unregistered Securities

During the period covered by this quarterly report, the company did not sell any equity securities that were not registered under the Securities Act of 1933, and the company did not repurchase any of its securities.

ITEM 3. **Defaults Upon Senior Securities**

Not Applicable.

ITEM 4. **Mine Safety Disclosures**

Not Applicable.

ITEM 5. **Other Information**

None.

ITEM 6. **Exhibits**

31.1	Certification of Manager pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Manager pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Manager pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Manager pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

	REDWOOD MORTGAGE INVESTORS IX, LLC **(Registrant)**
Date: November 14, 2014	By: **Redwood Mortgage Corp., Manager**
	By: /s/ Michael R. Burwell Name: Michael R. Burwell Title: President, Secretary and Treasurer (On behalf of the registrant, and in the capacity of principal financial officer)
Date: November 14, 2014	By: **Gymno LLC, Manager**
	By: /s/ Michael R. Burwell Name: Michael R. Burwell Title: Manager

Exhibit 31.1

PRESIDENT'S CERTIFICATION

I, Michael R. Burwell, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ Michael R. Burwell

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Michael R. Burwell, President,
(principal executive officer and principal financial officer)
Redwood Mortgage Corp.,
Manager
November 14, 2014

Exhibit 31.2

PRESIDENT AND CHIEF FINANCIAL OFFICER CERTIFICATION

I, Michael R. Burwell, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ Michael R. Burwell

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Michael R. Burwell,
Manager of Gymno LLC,
Manager
November 14, 2014

Exhibit 32.1

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

In connection with the Quarterly Report of Redwood Mortgage Investors IX, LLC (the “company”) on Form 10-Q for the period ended September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), pursuant to 18 U.S.C. (S) 1350, as adopted pursuant to (S) 906 of the Sarbanes-Oxley Act of 2002, I, Michael R. Burwell, certify that to the best of my knowledge:

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

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

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

/s/ Michael R. Burwell

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Michael R. Burwell, President,
(principal executive officer and principal financial officer)
Redwood Mortgage Corp.,
Manager
November 14, 2014

Exhibit 32.2

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

In connection with the Quarterly Report of Redwood Mortgage Investors IX, LLC (the "company") on Form 10-Q for the period ended September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), pursuant to 18 U.S.C. (S) 1350, as adopted pursuant to (S) 906 of the Sarbanes-Oxley Act of 2002, I, Michael R. Burwell, certify that to the best of my knowledge:

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

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

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

/s/ Michael R. Burwell

Michael R. Burwell,
Manager of Gymno LLC,
Manager
November 14, 2014