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

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

OR

☐ **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: 000-27816

REDWOOD MORTGAGE INVESTORS VIII, L.P.
a California Limited Partnership
(Exact name of registrant as specified in its charter)

California **(State or other jurisdiction of incorporation or organization)**	**94-3158788** **(I.R.S. Employer Identification No.)**
177 Bovet Road, Suite 520, San Mateo, CA **(Address of principal executive offices)**	**94402** **(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
None		

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. ☒ YES ☐ NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). ☒ YES ☐ NO

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

Table of Contents

Part I –FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS
REDWOOD MORTGAGE INVESTORS VIII, L.P.
A California Limited Partnership
Consolidated Balance Sheets
March 31, 2023 (unaudited) and December 31, 2022
($ in thousands)

	March 31, 2023	December 31, 2022
ASSETS		
Cash, in banks	$ 2,834	$ 963
Loan payments in trust	1	—
Loans		
Principal	57,979	60,088
Advances	77	59
Accrued interest	1,004	570
Prepaid interest	(450)	(496)
Loan balances secured by deeds of trust	58,610	60,221
Allowance for credit losses	(120)	(55)
Loan balances secured by deeds of trust, net	58,490	60,166
Receivable from related party (Note 3)	20	68
Real estate owned (REO), net	5,911	5,911
Debt issuance costs, net	29	36
Other assets	69	49
Total assets	$ 67,354	$ 67,193
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable	$ 307	$ 284
Payable to related party (Note 3)	65	154
Distributions and withdrawals to limited partners (Note 3)	2,630	—
Accrued liabilities	1,224	1,103
Line of credit	10,000	10,000
Mortgage payable	1,347	1,347
Total liabilities	15,573	12,888
Commitments and Contingencies (Note 8)		
Partners' capital		
Limited partners' capital	55,090	57,616
General partners' deficit	(607)	(609)
Total partners' capital	54,483	57,007
Receivable from manager (formation loan)	(2,702)	(2,702)
Partners' capital, net of formation loan	51,781	54,305
Total liabilities and partners' capital	$ 67,354	$ 67,193

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

REDWOOD MORTGAGE INVESTORS VIII, L.P.
A California Limited Partnership
Consolidated Statements of Income
For the Three Months Ended March 31, 2023 and 2022 (unaudited)
($ in thousands)

	Three Months Ended March 31 ,	
	2023	2022
Revenue		
Interest income	$ 1,268	$ 1,320
Interest expense		
Line of credit	(201)	(60)
Mortgages payable	(14)	(15)
Total interest expense	(215)	(75)
Net interest income	1,053	1,245
Late fees	3	4
Total revenue, net	1,056	1,249
Provision for credit losses	—	—
Operations expense		
Mortgage servicing fees to Redwood Mortgage Corp.	221	223
Asset management fees to Redwood Mortgage Corp.	54	65
Costs from Redwood Mortgage Corp.	178	175
Professional services	473	351
REO, net (Note 5)	54	84
Other	10	1
Total operations expense	990	899
Net income	$ 66	$ 350
Net income		
Limited partners (99%)	$ 65	$ 346
General partners (1%)	1	4
	$ 66	$ 350

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

REDWOOD MORTGAGE INVESTORS VIII, L.P.
A California Limited Partnership
Consolidated Statements of Changes in Partners' Capital
For the Three Months Ended March 31, 2023 (unaudited)
($ in thousands)

	Limited Partners' Capital	General Partners' Capital (Deficit)	Total Partners' Capital
Balance, December 31, 2022	$ 57,616	$ (609)	$ 57,007
Adoption of ASC 326	167	1	168
Balance, January 1, 2023	57,783	(608)	57,175
Net income	65	1	66
Distributions	(207)	—	(207)
Withdrawals	(2,551)	—	(2,551)
Balance, March 31, 2023	$ 55,090	$ (607)	$ 54,483

For the Three Months Ended March 31, 2022 (unaudited)
($ in thousands)

	Limited Partners' Capital	General Partners' Capital (Deficit)	Total Partners' Capital
Balance, December 31, 2021	$ 69,555	$ (626)	$ 68,929
Net income	346	4	350
Distributions	(308)	—	(308)
Withdrawals	(3,245)	—	(3,245)
Balance, March 31, 2022	$ 66,348	$ (622)	$ 65,726

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

REDWOOD MORTGAGE INVESTORS VIII, L.P.
A California Limited Partnership
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2023 and 2022 (unaudited)
($ in thousands)

	Three Months Ended March 31 ,	
	2023	2022
Operating activities		
Interest income received	$ 1,020	$ 1,055
Interest expense	(187)	(29)
Late fees and other loan income	1	21
Operations expense	(927)	(801)
Total cash (used in) provided by operating activities	(93)	246
Investing activities		
Loans		
Loans funded	(5,700)	(10,489)
Principal collected	3,853	2,355
Loans transferred to related mortgage fund	3,956	—
Advances (funded) collected	(17)	91
Total - Loans	2,092	(8,043)
Total cash provided by (used in) investing activities	2,092	(8,043)
Financing activities		
Partners' capital		
Partner withdrawals, net of early withdrawal penalties	—	(3,208)
Early withdrawal penalties	(39)	(37)
Partner distributions	(89)	(308)
Cash distributions to partners, net	(128)	(3,553)
Line of credit		
Advances	—	10,800
Repayments	—	(1,000)
Debt issuance costs	—	(57)
Cash provided by (used in) line of credit	—	9,743
RMC payments - formation loan	—	125
Total cash (used in) provided by financing activities	(128)	6,315
Net increase (decrease) in cash	1,871	(1,482)
Cash, beginning of year	963	3,903
Cash, end of year	$ 2,834	$ 2,421

Non-cash investing activities includes approximately $6.5 million for the three months ended March 31, 2022 for loans transferred to held for sale. There were no loans transferred to held for sale during the three months ended March 31, 2023.

Limited partners withdrawals of approximately $2.5 million and March limited partners distributions of approximately $118 thousand were paid out in April 2023, and are included in the balance sheet as distributions and withdrawals to limited partners as of March 31, 2023.

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

REDWOOD MORTGAGE INVESTORS VIII, L.P.
A California Limited Partnership
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2023 and 2022 (unaudited)
($ in thousands)

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

	Three Months Ended March 31 ,	
	2023	2022
Cash flows from operating activities		
Net income	$ 66	$ 350
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Amortization of debt issuance costs	7	14
Change in operating assets and liabilities		
Loan payments in trust	(1)	17
Accrued interest	(201)	(265)
Prepaid interest	(47)	—
Receivable from related party	48	(4)
Other assets	(20)	46
Accounts payable and accrued liabilities	144	73
Payable to related party	(89)	15
Total cash (used in) provided by operating activities	$ (93)	$ 246

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

NOTE 1 – ORGANIZATION AND GENERAL

Redwood Mortgage Investors VIII, L.P., a California Limited Partnership ("RMI VIII" or "the partnership"), was formed in 1993 to engage in business as a mortgage lender and investor by making and holding-for-investment mortgage loans secured by California real estate, primarily by first and second deeds of trust. The partnership is externally managed by Redwood Mortgage Corp. ("RMC" or "the manager"). The general partners are RMC and Michael R. Burwell, the President, Secretary and Treasurer of RMC and its principal shareholder. RMC provides the personnel and services necessary to conduct the business as RMI VIII has no employees of its own. The general partners are entitled to one percent (1%) of profits or loss of the partnership. The mortgage loans the partnership funds and/or invests in, are arranged and generally are serviced by RMC.

In the opinion of management of RMC, the accompanying unaudited consolidated financial statements contain all adjustments, consisting of normal, recurring adjustments, necessary to present fairly and accurately the consolidated financial information included therein. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the partnership's Form 10-K for the year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission (SEC). The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the operating results to be expected for the full year.

The rights, duties, and powers of the limited partners and general partners of the partnership are governed by the Limited Partnership Agreement ("Partnership Agreement"). Limited partners representing a majority of the outstanding units may, without the consent of the general partners, vote to: (i) dissolve the partnership; (ii) amend the Partnership Agreement subject to certain limitations; (iii) approve or disapprove the sale of all or substantially all of the assets of the partnership; and (iv) remove or replace one or all of the general partners. A majority in interest of partnership units is required to elect a new general partner to continue the partnership business after a general partner ceases to be a general partner due to its withdrawal.

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

The manager is responsible for managing the business and affairs of RMI VIII, subject to the voting rights of the partners on specified matters. The manager acting alone has the power and authority to act for and bind the partnership. RMC is entitled to fees and reimbursements of qualifying costs as specified in the Partnership Agreement.

The partnership's primary investment objectives are to:

- yield a high rate of return from mortgage lending, after the payment of certain fees and expenses to the general partners and their related mortgage funds; and
- preserve and protect the partnership's capital.

Net income (losses) are allocated among the limited partners according to their respective capital accounts after one percent (1%) of the net income (losses) are allocated to the general partners. Investors should not expect the partnership to provide tax benefits of the type commonly associated with limited partnership tax shelter investments.

The partnership's net income, cash available for distribution, and net-distribution rate fluctuates depending on:

- loan origination volume and the balance of capital available to lend;
- the current and future interest rates negotiated with borrowers;
- line of credit advances, repayments and the interest rate thereon;
- loan sales to unaffiliated third parties, and any gains received thereon;
- the amount of fees and cost reimbursements to RMC;
- the timing and amount of other operation expense; and
- the timing and amount of payments from RMC on the formation loan.

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

The ongoing sources of funds for loans are the proceeds (net of withdrawals from limited partners' capital accounts and operation expense) from:

- loan payoffs;
- borrowers' monthly principal and interest payments;
- line of credit advances;
- loan sales to unaffiliated third parties;
- REO sales;
- payments from RMC on the outstanding balance of the formation loan; and
- earnings retained (i.e., not distributed) in partners' capital accounts.

The partnership intends to hold until maturity the loans in which it invests and does not presently intend to invest in mortgage loans primarily for the purpose of reselling such loans in the ordinary course of business; however, the partnership may sell mortgage loans (or fractional interests therein) when the manager determines that it appears to be advantageous for the partnership to do so, based upon then current interest rates, the length of time that the loan has been held by the partnership, the partnership's credit risk and concentration risk and the overall investment objectives of the partnership. Loans sold to third parties may be sold for par, at a premium or, in the case of non-performing or under performing loans, at a discount. Partnership loans may be sold to third parties or to the manager or its related mortgage funds; however, any loan sold to the manager or a related mortgage fund thereof will be sold for a purchase price equal to the greater of (i) the par value of the loan or (ii) the fair market value of the loan. The manager will not receive commissions or broker fees with respect to loan sales conducted for the partnership; however, selling loans will increase partnership capital available for investing in new loans for which the manager will earn brokerage fees and other forms of compensation.

Distributions to limited partners

At the time of their subscription to the partnership, limited partners elected either to receive monthly, quarterly or annual cash distributions from the partnership, or to compound income in their capital account. If an investor initially elected to receive monthly, quarterly or annual distributions, such election, once made, is irrevocable. If the investor initially elected to compound income in their capital account, in lieu of cash distributions, the investor may, after three (3) years, change the election and receive monthly, quarterly or annual cash distributions. Income allocable to limited partners who elect to compound income in their capital account will be retained by the partnership for making further loans or for other proper partnership purposes and such amounts will be added to such limited partners' capital accounts. The percentage of limited partners electing distribution of allocated net income, by weighted average to total partners' capital was approximately 54% and 57% at March 31, 2023 and 2022, respectively.

Capital withdrawals and early withdrawals

There are substantial restrictions on transferability of units, and there is no established public trading and/or secondary market for the units. To provide liquidity to limited partners, the Partnership Agreement provides that limited partners, after the minimum five-year period, may withdraw all or a portion of their capital accounts in 20 quarterly installments or longer, as determined by the general partners in light of partnership cash flow, beginning the last day of the calendar quarter following the quarter in which the notice of withdrawal is given. A limited partner may liquidate all or a part of the limited partner's capital account in four quarterly installments beginning on the last day of the calendar quarter following the quarter in which the notice of withdrawal is given, subject to a 10% early withdrawal penalty applicable to any sums withdrawn prior to the time when such sums could have been withdrawn without penalty. There is a limited right of accelerated liquidation for an investor's heirs upon an investor's death.

The partnership has not established a cash reserve from which to fund withdrawals and, accordingly, the partnership's capacity to return a limited partner's capital is subject to the availability of partnership cash. The general partner is under no obligation to sell loans from the portfolio in order to honor withdrawal requests, and the program can be restricted or suspended at any time. Cash flow is considered to be available only after all current partnership expenses have been paid (including compensation to the general partners and related mortgage funds) and adequate provision has been made for the payment of all periodic cash distributions on a pro rata basis which must be paid to limited partners who elected to receive such distributions upon subscription for units. Pursuant to the Partnership Agreement, no more than 20% of the total limited partners' capital account balances at the beginning of any year may be liquidated during any calendar year. Notwithstanding this 20% limitation, the general partners have the discretion to further limit the percentage of total limited partners' capital accounts that may be withdrawn in order to comply with the safe harbor provisions of the regulations under Section 7704 of the Internal Revenue Code of 1986, as amended, to avoid the partnership being taxed as a corporation. If notices of withdrawal in excess of these limitations are received by the general partners, the priority of distributions among limited partners is determined as follows: first to those limited partners withdrawing capital accounts according to the 20 quarter or longer installment liquidation period, then to benefit plan investors withdrawing capital accounts after five years over four quarterly installments, then to executors, heirs, and other administrators withdrawing capital accounts upon the death of a limited partner and finally to all other limited partners withdrawing capital accounts. Except as provided above, withdrawal requests will be considered by the general partners in the order received. In the event the current level of withdrawal requests by limited partners continues, the general partners may elect to restrict or suspend future capital withdrawals, as permitted by the terms of the Partnership Agreement.

Term of the partnership

The partnership will continue until 2032, unless sooner terminated as provided in the Partnership Agreement.

On May 19, 2023, the partnership filed a Consent Solicitation Statement pursuant to Section 14(a) of the Securities Exchange Act of 1934 with the SEC in connection with a proposed solicitation of consents from the limited partners to dissolve the partnership, liquidate its assets and wind up its affairs (the "Dissolution") pursuant to a Plan of Dissolution (the "Plan" or "Plan of Dissolution").

If approved by an affirmative majority of the limited partnership interests (the "Requisite Consents"), the partnership will not be immediately terminated, but will continue until its affairs have been wound up. The partnership will cease making new loans and will only engage in business activities necessary or convenient to wind-up the partnership's business and distribute partnership assets in accordance with the Plan, the Partnership Agreement and the California Uniform Limited Partnership Act of 2008 (the "Act").

If the Dissolution and Plan are approved by the Requisite Consents, the general partners will enter into the Plan within 15 days of the receipt of the Requisite Consents, and RMC, as manager of the partnership,will wind-up the affairs of the partnership commencing from the effective date of the Plan (the "Dissolution Date") until the complete liquidation of the partnership's assets and the termination of the partnership (the "Wind-Up Period") in accordance with the Plan, the Partnership Agreement and the Act. Effective as of the Dissolution Date: (i) all limited partners, including limited partners who previously elected not to receive periodic distributions of partnership net income under Section 4.3 of the Partnership Agreement, will begin receiving quarterly distributions of the partnership's net income (if any); and (ii) all scheduled withdrawals of limited partner capital made pursuant to Article 8 of the Partnership Agreement will terminate in favor of quarterly pro rata withdrawals to all limited partners of cash received from the liquidation of partnership assets (each, a "Capital Distribution" and collectively, the "Capital Distributions") over the course of the Wind-Up Period and available to fund Capital Distributions.

During the Wind-Up Period, the partnership will continue to be externally managed by RMC and RMC will, in such capacity, be solely responsible for managing partnership operations. RMC will liquidate the partnership's assets as promptly as is consistent with obtaining the current fair value thereof, which may include: (i) collecting loan payments from borrowers under existing loan terms; (ii) selling loans to third parties; (iii) selling loans to either or both general partners or their affiliates, subject to the limitations set forth in the Partnership Agreement; (iv) enforcing delinquent loans through foreclosure or negotiating settlements with the borrowers and/or any guarantors or other obligors on such loans; (v) selling any REO held by the partnership; and (vi) taking any other actions determined by RMC to be consistent with recovering the fair market value of any partnership assets and authorized in the Partnership Agreement and the Plan. RMC will continue to collect loan servicing fees, cost reimbursements, and other fees received as manager of the partnership, in addition to the Dissolution Fee (as defined below), and the general partners will continue to collect asset management fees.

Under the Partnership Agreement and Plan of Dissolution, all assets of the partnership, including proceeds from the sale of partnership assets, RMC's repayment of the general partners' capital deficit (i.e., the deficit restoration obligation) and the formation loan (primarily from the proceeds of the Dissolution Fee), and cash available from interest and principal payments on partnership loans will be applied and distributed in the following order of priority:

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

Under the Plan, RMC will be entitled to a quarterly dissolution fee equal to seven percent (7.0%) of each capital distribution made to the limited partners over the course of the Wind-Up Period (the "Dissolution Fee"), which Dissolution Fee will be treated as an expense of the partnership and included in the allocation of income/losses to limited partners' capital accounts.

RMC expects to complete the wind-up activities approximately 12 to 18 months after the effective date of the Plan of Dissolution. Dissolution, however, can be an involved process which may depend on a number of factors, and some of these factors are beyond RMC's control.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The partnership's consolidated financial statements include the accounts of the partnership and its wholly-owned subsidiaries (consisting of single-member limited liability companies owning a single real property asset). All significant intercompany transactions and balances have been eliminated in consolidation.

Management estimates

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

Fair value estimates

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

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

Management has the requisite familiarity with the markets it lends in generally and of the properties lent on specifically to analyze sales-comparables and assess their suitability/applicability. Management is acquainted with market participants – investors, developers, brokers, and lenders – that are useful, relevant secondary sources of data and information regarding valuation and valuation variability. These secondary sources may have familiarity with and perspectives on pending transactions, successful strategies to optimize value, and the history and details of specific properties – on and off the market – that enhance the process and analysis that is particularly and principally germane to establishing value in distressed markets and/or property types.

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

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

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

Cash in banks

Certain of the partnership's cash balances in banks exceed federally insured limits of $250 thousand. The bank or banks in which funds are deposited are reviewed periodically for their general creditworthiness/investment grade credit rating. See Note 7 (Line of Credit) for compensating balance arrangements.

Loans and interest income

Loans are carried at amortized cost, which is generally equal to the unpaid principal balance (principal). Management has discretion to pay amounts (advances) to third parties on behalf of borrowers to protect the partnership's interest in the loan. Advances include, but are not limited to, the payment of interest and principal on a senior lien to prevent foreclosure by the senior lien holder, property taxes, insurance premiums, and attorney fees. Advances generally are stated at the amounts paid out on the borrower's behalf and any accrued interest on amounts paid out, until repaid by the borrower. For performing loans, interest is accrued daily on the principal plus advances, if any. In the normal course of the partnership's operations, performing loans that are maturing or have matured may be renewed at then current market rates of interest and terms for new loans. (These loan extensions are not reported as new loans for financial reporting purposes.) The partnership may fund a specific loan net of an interest reserve (one to two years) to insure timely interest payments at the inception of the loan. Any interest reserve is amortized over the period that the amount is prepaid. In the event of an early loan payoff, any unapplied interest reserves would be first applied to any accrued but unpaid interest and then as a reduction of principal.

Loans with a payment in arrears continue to recognize interest income as long as the loan is in the process of collection with the borrower and is considered to be well-secured. Loans are placed on non-accrual status if management determines that the primary source of repayment will come from the foreclosure and subsequent sale of the collateral securing the loan (i.e., a notice of sale is filed and/or when the borrower files for bankruptcy) or when the loan is no longer considered well-secured (i.e., the LTV for the loan based on the estimated net realizable value of the collateral and the total principal, advances and accrued interest (at the note rate) is at or greater than eighty percent (80%), seventy-five percent (75%) for lands outside of metropolitan areas). When a loan is placed on non-accrual status, the accrual of interest is discontinued – beginning with the then current month - for accounting purposes only; however, previously recorded interest is not reversed. A loan may return to accrual status when all delinquent loan payments are cured and the loan becomes current in accordance with the terms of the loan agreement. In periods prior to January 1, 2023, loans were placed on non-accrual status if 180 days delinquent or earlier if management determined that the primary source of repayment would 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 was no longer considered well-secured.

Payments on loans are applied in the following order: accrued interest, advances, and lastly to principal. Late fees are recognized in the period received. Pursuant to California regulatory requirements borrower payments are deposited into a trust account established by RMC with an independent bank and are presented on the balance sheet as “Loan payments in trust”. Funds are disbursed to the partnership as collected which can range from same day for wire transfers and up to two weeks after deposit for checks.

The partnership funds loans with the intent to hold the loans until maturity. From time to time, the partnership may sell certain loans when the manager determines it to be in the best interest of the partnership. Loans are classified as held-for-sale once a decision has been made to sell loans and the loans held-for-sale have been identified. Loans classified as held for sale are carried at the lower of cost or fair value.

Allowance for credit losses

Loan balances (i.e., the sum of the unpaid principal, advances and accrued interest) are analyzed on a periodic basis for ultimate recoverability. Collateral fair values are reviewed quarterly and the protective equity for each loan is computed. As used herein, “protective equity” is the dollar amount by which the net realizable value (i.e., fair value less the cost to sell) of the collateral, net of any senior liens exceeds the loan balance.

For a loan that is deemed collateral dependent for repayment, a provision for credit losses is recorded to adjust the allowance for credit losses to an amount such that the net carrying amount (unpaid principal, advances plus interest accrued, i.e., interest owed net of foregone interest for loans in non-accrual status) is reduced to the lower of the loan balance or the estimated fair value of the related collateral, net of any senior debt and claims and costs to sell.

As of January 1, 2023, the partnership adopted Accounting Standards Codification 326, Financial Instruments – Credit Losses using the modified retrospective approach, which requires a lifetime, current expected credit loss (CECL) measurement objective for the recognition of credit losses at the time a loan is originated or acquired. The allowance for credit losses is adjusted each period for changes in expected lifetime credit losses for loans and accrued interest. The determination of the amount of the allowance for credit losses considers historical loss experience, current fair value of collateral and the resultant LTV, current real estate and financial markets, as well as reasonable and supportable forecasts about future economic scenarios. The forward-looking estimates consider the likelihood that any combination of events would adversely impact economic conditions and real estate markets in California such that the substantial protective equity existing for the loans would no longer be sufficient to collect the recorded amounts of principal, advances and accrued interest due on the loan.

The limited number of loans and the short terms for which the loans are written enable a loan-by-loan analysis to determine the risk of loss. The primary determinate in the analysis is the LTV, and consideration of lien position of deed of trust. The analysis also considers the vintage in which the secured loans originated. The ultimate collectability of the amounts owed is reliant on the estimate of the fair value of the real property collateral securing the loans. Such estimation is not variant by vintage or time on file. Such considerations are consistent with the ‘no-credit-losses’ experience of the partnership over the preceding 5+ years.

The partnership charges off uncollectible loans and related receivables directly to the allowance account once it is determined the full amount is not collectible. Any amounts collected after a charge off is deemed a recovery. If the loan goes to foreclosure, an updated appraisal is ordered and the recorded investment in the loan is adjusted to the net realizable value of the real estate to be acquired.

Prior to the adoption of the CECL accounting model, if a loan modification was agreed to and was to result in an economic concession to the borrower (i.e., a significant delay or reduction in cash flows compared to the original note), the modification would have been deemed to be a troubled debt restructuring (“TDR”). The Company did not have any TDRs for the year ended December 31, 2022.

Real estate owned (REO)

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

Accrued liabilities

Accrued liabilities at March 31, 2023 and December 31, 2022 were approximately $1.2 million and $1.1 million, respectively, the significant components of which are accrued professional and consulting fees (approximately $1 million and $993 thousand, respectively), accrued REO property taxes and mortgage interest expense (approximately $51 thousand and $13 thousand, respectively) and accrued interest on the line of credit (approximately $68 thousand and $61 thousand, respectively).

Debt issuance costs

Debt issuance costs are the fees and commissions incurred in the course of obtaining a line of credit for services from banks, law firms and other professionals and are amortized on a straight-line basis, which approximates the interest method, as interest expense over the term of the line of credit.

Reclassification

A reclassification has been made in the prior year statement of cash flows to reclassify the presentation of formation loan collected from changes in partners' capital to a separate line item within the financing section of the statement of cash flows. There was no change in total cash used in financing activities.

Recently issued accounting pronouncements

None at March 31, 2023 are applicable to the partnership.

NOTE 3 – GENERAL PARTNERS AND OTHER RELATED PARTIES

The Partnership Agreement provides for fees as compensation to the manager and for reimbursement of qualifying expenses, as detailed below.

Mortgage servicing fees

The manager acting as servicing agent with respect to all loans is entitled to receive a servicing fee of up to 1.5% annually of the unpaid principal balance of the loan portfolio. The mortgage servicing fees are accrued monthly on all loans. Remittance to RMC is made monthly unless the loan has been assigned a specific loss reserve, at which point remittance is deferred until the specific loss reserve is no longer required, or the property has been acquired by the partnership.

Asset Management Fees

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

Costs from RMC

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

Commissions and fees are paid by the borrowers to RMC

- *Brokerage commissions, loan originations*

For fees in connection with the review, selection, evaluation and negotiation of loans (including extensions), the general partners may collect loan brokerage commissions (points) limited to an amount not to exceed 4% of the total partnership assets per year. The loan brokerage commissions are paid by the borrowers to RMC, and thus are not an expense of the partnership. Loan brokerage commissions paid by the borrowers to RMC approximated $150 thousand and $214 thousand for the three months ended March 31, 2023 and 2022, respectively.

- *Other fees*

RMC receives fees for processing, notary, document preparation, credit investigation, reconveyance and other mortgage related services. The amounts received are customary for comparable services in the geographical area where the property securing the loan is located, payable solely by the borrower and not by the partnership.

Formation loan

Commissions for sales of limited partnership units paid to broker-dealers ("B/D sales commissions") were paid by RMC and were not paid directly by the partnership out of offering proceeds. Instead, the partnership advanced to RMC amounts sufficient to pay the B/D sales commissions and premiums paid to partners in connection with unsolicited orders up to 7% of offering proceeds. The receivable arising from the advances is unsecured and non-interest bearing and is referred to as the "formation loan". Since its inception, the partnership's advances totaled $22.6 million, of which $2.7 million remains outstanding at March 31, 2023.

RMC is repaying the formation loan principally from loan brokerage commissions earned on loans, early withdrawal penalties on partner withdrawals and other fees paid by the partnership. If both or either one of the initial general partners is removed as a general partner by the vote of holders of a majority of the limited partnership units, and if such successor or additional general partner(s) begins using any other loan brokerage firm for the placement of loans, RMC will be immediately released from any further obligation under the formation loans (except for a proportionate share of the principal installment due at the end of that year). In addition, if both of the general partners are removed, no successor general partners are elected, the partnership is liquidated and RMC is no longer receiving any payments for services rendered, the debt on the formation loans shall be forgiven and RMC will be immediately released from any further obligations under the formation loans. As such, the formation loan is presented as contra equity.

The formation loan transactions for the three months ended March 31 are presented in the following table ($ in thousands).

	2023	2022
Balance, January 1	$ 2,702	$ 3,361
Payments received from RMC	—	(125)
Balance, March 31	$ 2,702	$ 3,236

The formation loan is repayable by RMC in annual installments of approximately $650 thousand which may be paid by RMC either in full on December 31st of each calendar year during the term of the partnership (each, an "Annual Payment Date") or in four equal quarterly installments beginning on the Annual Payment Date and continuing thereafter on the last day of each calendar quarter in the following year. Any amount of the formation loan balance remaining unpaid on the last day of the partnership term is payable in full on that date.

Limited partner capital - withdrawals

Withdrawals of limited partners' capital for the three months ended March 31 are presented in the following table ($ in thousands).

Withdrawals	2023	2022
Without penalty	$ 2,170	$ 2,890
With penalty	381	355
Total	$ 2,551	$ 3,245
Scheduled, at March 31,	$ 12,485	$ 20,487
Percentage of scheduled withdrawals in end of period capital	22.7%	30.9%

Scheduled withdrawals of limited partners' capital in periods as of and after March 31, 2023 are presented in the following table ($ in thousands).

2023	$ 5,189
2024	4,083
2025	1,934
2026	952
2027	299
Thereafter	28
Total	$ 12,485

Scheduled withdrawals of limited partners' capital of approximately $131 thousand are subject to early withdrawal penalties as the limited partners elected the accelerated payout option as permitted in the Partnership Agreement.

Other related party transactions

- *Payable to/receivable from related parties*

From time to time, in the normal course of business operations, the partnership may have payables to and/or receivables from related parties. At March 31, 2023, the partnership had a payable to related parties of approximately $2.7 million consisting primarily of quarterly withdrawals of approximately $2.5 million, monthly distributions – for those partners electing such distributions – of approximately $118 thousand, and accounts payable due to the manager of approximately $65 thousand. The receivables from related parties of approximately $20 thousand consisted of accounts receivable from a related fund at March 31, 2023. The related party transactions were settled in May 2023.

At December 31, 2022, the payable to related parties of approximately $154 thousand consisted of accounts payable and cost reimbursements to the manager. At December 31, 2022, the receivable from related parties of approximately $68 thousand consisted of accounts receivable from related mortgage funds. The related party transactions were settled in March 2023.

- *Loan transactions with related parties*

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

In the three months ended March 31, 2023, RMI VIII transferred to related mortgage funds five loans with aggregate principal of approximately $4 million at par value, which approximates fair value. The related mortgage fund paid cash for the loans and RMI VIII has no continuing involvement with the loans. No loans were transferred from related mortgage funds to RMI VIII.

No loans were transferred to or from related mortgage funds in the three months ended March 31, 2022.

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 six months of origination and are purchased at par value, which approximates fair value. See Note 3 (General Partners and Other Related Parties) for a description of loans transferred by executed assignments between the related mortgage funds.

The partnership's loans are all secured by real estate in coastal California metropolitan areas, which is a strategic market. The portfolio segments are first and second trust deeds mortgages and the key credit quality indicator is the LTV ratio. First mortgages are predominant, but second lien deeds of trust are not infrequent nor insignificant. First-mortgage loans comprised 95% of the portfolio at March 31, 2023 (93% at December 31, 2022).

Secured loans unpaid principal balance (principal)

Secured loan transactions for the three months ended March 31 are summarized in the following table ($ in thousands).

	2023		
	Total	**First Trust Deeds**	**Second Trust Deeds**
Principal, beginning of period	$ 60,088	$ 55,803	$ 4,285
Loans funded	5,700	4,200	1,500
Principal collected	(3,853)	(2,749)	(1,104)
Loans transferred to related mortgage fund	(3,956)	(2,024)	(1,932)
Principal, end of period	$ 57,979	$ 55,230	$ 2,749

During the three months ended March 31, 2023, the partnership extended one maturing loan with aggregated principal of approximately $1.3 million, which is not included in the activity shown in the table above. The loan was extended for one year, and was current and deemed well collateralized (i.e., the LTV for the collateral was within lending guidelines). Interest rates charged to borrowers may be adjusted in conjunction with the loan extensions to reflect current market conditions.

As of March 31, 2023, there were no commitments to lend outstanding and no construction or rehabilitation loans outstanding.

Loan characteristics

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

	March 31, 2023	December 31, 2022
Number of secured loans	16	21
First trust deeds	14	18
Second trust deeds	2	3
Secured loans – principal	$ 57,979	$ 60,088
First trust deeds	$ 55,230	$ 55,803
Second trust deeds	$ 2,749	$ 4,285
Secured loans – lowest interest rate (fixed)	7.3%	7.3%
Secured loans – highest interest rate (fixed)	12.0%	10.8%
Average secured loan – principal	$ 3,624	$ 2,861
Average principal as percent of total principal	6.2%	4.8%
Average principal as percent of partners' capital, net of formation loan	7.0%	5.3%
Average principal as percent of total assets	5.4%	4.3%
Largest secured loan – principal	$ 9,000	$ 9,000
Largest principal as percent of total principal	15.5%	15.0%
Largest principal as percent of partners' capital, net of formation loan	17.4%	16.6%
Largest principal as percent of total assets	13.4%	13.4%
Smallest secured loan – principal	$ 637	$ 437
Smallest principal as percent of total principal	1.1%	0.7%
Smallest principal as percent of partners' capital, net of formation loan	1.2%	0.8%
Smallest principal as percent of total assets	0.9%	0.7%
Number of California counties where security is located	8	10
Largest percentage of principal in one California county	30.4%	30.7%

As of March 31, 2023, 11 loans with principal of approximately $43.3 million provide for monthly payments of interest only, with the principal due at maturity, and 5 loans with principal of approximately $14.6 million (representing approximately 25% of the aggregate principal of the partnership's loan portfolio) provide for monthly payments of principal and interest, typically calculated on a 30-year amortization, with the remaining principal due at maturity.

As of March 31, 2023, there were two loans in second lien position. The aggregate principal of these loans is approximately $2.8 million and the weighted average LTV at loan closing is 50.5% . Both loans were performing as of March 31, 2023.

As of March 31, 2023, there are four loans each with principal in excess of 10% of the total outstanding principal. The aggregate principal of these loans is approximately $32.1 million and the weighted average LTV at loan closing is 54.2%. The loans were in first lien position.

- The partnership's largest loan, with principal of approximately $9 million (LTV 61%) is secured by an office building in the City of Orange in Orange County, bears an interest rate of 7.99% and matures on September 1, 2025.
- The second loan, with principal of approximately $8.8 million (LTV 26%) is secured by a commercial building in the City of Santa Clara in Santa Clara County, bears an interest rate of 8.375% and matures on July 1, 2027.
- The third loan, with principal of approximately $8 million (LTV 62%) is secured by a commercial building in the City and County of San Francisco, bears an interest rate of 8.375% and matured on April 1, 2023.
- The fourth loan, with principal of approximately $6.3 million (LTV 75%) is secured by a multifamily building in the City and County of San Francisco, bears an interest rate of 7.75% and matured on April 1, 2023.

Property type

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

	March 31, 2023			December 31, 2022		
	Loans	Principal	Percent	Loans	Principal	Percent
Single family(1)	2	$ 3,354	6%	4	$ 5,874	10%
Multi-family	2	7,550	13	3	8,326	14
Commercial	10	45,774	79	12	44,587	74
Land	2	1,301	2	2	1,301	2
Total principal, secured loans	16	$ 57,979	100%	21	$ 60,088	100%

(1) Single family includes 1-4 unit residential buildings, condominium units, townhouses and condominium complexes. At March 31, 2023, single family consists of 2 loans with aggregate principal of approximately $ 3.4 million that are non-owner occupied. At December 31, 2022, single family consisted of 4 loans with aggregate principal of approximately $5.9 million that were non-owner occupied.

Lien position/LTV at origination

At funding, secured loans had the lien positions presented in the following table ($ in thousands).

	March 31, 2023			December 31, 2022		
	Loans	Principal	Percent	Loans	Principal	Percent
First trust deeds	14	$ 55,230	95%	18	$ 55,803	93%
Second trust deeds	2	2,749	5	3	4,285	7
Total principal, secured loans	16	57,979	100%	21	60,088	100%
Liens due other lenders at loan closing		9,681			8,956	
Total debt		$ 67,660			$ 69,044	
Appraised property value at loan closing		$ 137,894			$ 138,924	
LTV (weighted average) at loan closing		54.5%			55.4%	

Distribution of secured loans-principal by California counties

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

	March 31, 2023		December 31, 2022	
	Principal	Percent	Principal	Percent
San Francisco Bay Area[2]				
San Francisco	$ 17,645	30.4%	$ 18,425	30.7%
San Mateo	—	0.0	2,519	4.2
Santa Clara	12,249	21.1	12,266	20.4
Solano	3,550	6.1	3,550	5.9
Marin	1,500	2.6	1,099	1.8
Alameda	1,249	2.2	1,687	2.8
	36,193	62.4	39,546	65.8
Stanislaus	1,301	2.2	1,301	2.2
Northern California Total	37,494	64.6	40,847	68.0
Southern California Coastal				
Los Angeles	4,685	8.1	5,597	9.3
Orange	15,800	27.3	11,600	19.3
Santa Barbara	—	0.0	2,044	3.4
Southern California Total	20,485	35.4	19,241	32.0
Total principal, secured loans	$ 57,979	100.0%	$ 60,088	100.0%

(2) Includes the Silicon Valley

Scheduled maturities/Secured loans-principal

Secured loans scheduled to mature in periods as of and after March 31, 2023 are presented in the following table ($ in thousands).

				First Trust Deeds		Second Trust Deeds	
	Loans	Principal	Percent	Loans	Principal	Loans	Principal
2023 (scheduled to mature after March 31)	6	$ 23,062	40%	6	$ 23,062	—	$ —
2024	4	7,614	13	3	6,114	1	1,500
2025	1	9,000	16	1	9,000	—	—
2026	1	1,249	2	—	—	1	1,249
2027	2	12,369	21	2	12,369	—	—
Total scheduled maturities	14	53,294	92	12	50,545	2	2,749
Matured[3]	2	4,685	8	2	4,685	—	—
Total principal, secured loans	16	$ 57,979	100%	14	$ 55,230	2	2,749

(3) See Delinquency/Secured loans with payments in arrears below for additional information on matured loans.

Scheduled maturities are presented based on the most recent in-effect agreement with the borrower, including forbearance agreements. As a result, matured loans at March 31, 2023, for the scheduled maturities table may differ from the same captions in the tables of delinquencies and payments in arrears that are based on the loan terms and do not consider forbearance agreements. For matured loans, the partnership may continue to accept payments while pursuing collection of principal or while negotiating an extension of the maturity date.

Delinquency/Secured loans

Secured loans principal summarized by payment-delinquency status are presented in the following table ($ in thousands).

	March 31, 2023		December 31, 2022	
	Loans	Principal	Loans	Principal
Current	11	$ 40,599	18	$ 54,359
Past Due				
30-89 days	3	11,555	—	—
90-179 days	1	2,105	2	2,009
180 or more days	1	3,720	1	3,720
Total past due	5	17,380	3	5,729
Total principal, secured loans	16	$ 57,979	21	$ 60,088

At March 31, 2023 and December 31, 2022, there were no loan forbearance agreements in effect. All five loans past due at March 31, 2023 were in first lien position and had principal payments in arrears of approximately $4.7 million.

Delinquency/Secured loans with payments in arrears

Payments in arrears for secured loans (5 loans) at March 31, 2023 are presented in the following tables ($ in thousands).

	Loans		Principal		Interest(4)		
At March 31, 2023	Past maturity	Monthly payments	Past maturity	Monthly payments	Past maturity	Monthly payments	Total payments in arrears
Past due							
30-89 days (1-3 payments)	1	2	$ 965	$ —	$ —	$ 73	$ 1,038
90-179 days (4-6 payments)	—	1	—	2	—	55	57
180 or more days (more than 6 payments)	1	—	3,720	—	533	—	4,253
Total past due	2	3	$ 4,685	$ 2	$ 533	$ 128	$ 5,348

(4) Interest for March 2023 is due on April 1, 2023 and is not included in the amounts of payments in arrears at March 31, 2023.

Secured loans with payments in arrears, principal by LTV and lien position at March 31, 2023 are presented in the following table ($ in thousands). The LTVs shown in this table use the appraisals at origination of the loans.

	Secured loans with payments in arrears, principal					
LTV(5)	First trust deeds	Percent(6)	Second trust deeds	Percent(6)	Total Principal	Percent(6)
<40%	$ —	0.0%	$ —	0.0%	$ —	0.0%
40-49%	—	0.0	—	0.0	—	0.0
50-59%	3,565	6.1	—	0.0	3,565	6.1
60-69%	11,710	20.2	—	0.0	11,710	20.2
Subtotal <70%	15,275	26.3	—	0.0	15,275	26.3
70-79%	2,105	3.6	—	0.0	2,105	3.6
Subtotal <80%	17,380	29.9	—	0.0	17,380	29.9
≥80%	—	0.0	—	0.0	—	0.0
Total	$ 17,380	29.9%	$ —	0.0%	$ 17,380	29.9%

(5) LTV classifications in the table above are based on principal, advances and interest unpaid at March 31, 2023.
(6) Percent of total principal, secured loans ($57.9 million) at March 31, 2023.

Non-accrual status/Secured loans

Secured loans in non-accrual status are summarized in the following table ($ in thousands).

	March 31, 2023	December 31, 2022
Number of loans	—	1
Principal		$ 3,720
Advances		60
Accrued interest(7)		233
Total recorded investment		$ 4,013
Foregone interest		$ 233

(7) Accrued interest in the table above is the amount of interest accrued prior to the loan being placed on non-accrual status, net of any payments subsequently.

In conjunction with the adoption of ASC 326 (CECL), the partnership changed its guidelines for non-accrual status and recognized a cumulative-effect adjustment (with an increase to partners' capital) of $233 thousand to recognize previously foregone interest for loans designated non-accrual at December 31, 2022. In periods prior to January 1, 2023, loans were placed on non-accrual status if 180 days delinquent or earlier if management determined that the primary source of repayment would 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 was no longer considered well-secured.

Provision/allowance for credit losses

Activity in the allowance for credit losses for the three months ended March 31 is presented in the following table ($ in thousands).

	2023			2022		
	Principal and Advances	Interest	Total	Principal and Advances	Interest	Total
Balance, December 31	$ 30	$ 25	$ 55	$ 30	$ 25	$ 55
Adoption of ASC 326 (CECL)	30	35	65	—	—	—
Balance, January 1	60	60	120	30	25	55
Provision (recovery) for credit losses	—	—	—	—	—	—
Charge-offs	—	—	—	—	—	—
Balance, March 31	$ 60	$ 60	$ 120	$ 30	$ 25	$ 55

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

In periods prior to January 1, 2023, the partnership followed the incurred loss model for recognition of credit losses and had recorded an allowance for loan losses of principal and interest totaling approximately $55 thousand to cover incurred, but not known, eventualities that occur from time to time, even though the secured loans had protective equity such that collection was deemed probable for all recorded amounts due on the loan. Such eventualities include the manager deeming it in the best interest of the partnership to agree to concessions to borrowers and/or senior-lien lenders to facilitate a refinance or a sale of the collateral primarily for secured loans in second lien position.

In conjunction with the adoption of ASC 326 (CECL), the partnership recognized a cumulative-effect adjustment (with a decrease to partners' capital) of $65 thousand to the allowance for credit losses to recognize lifetime expected credit losses for secured loans at December 31, 2022. The limited number of loans (16) – aided by the fact that four (4) of the loans comprise a significant portion of loan principal (approximately $32.1 million of the $58 million of loan principal) and the short terms for which the loans are written - enabled the manager to do a loan-by-loan analysis to determine the risk of loss.

The analysis included projecting the outstanding principal for loans – individually and in total, by lien position – until maturity to determine the count, amount and weighted average LTV of the loans for future quarter and year ends.

				First Trust Deeds			Second Trust Deeds		
	Loans	Principal	LTV(9)	Loans	Principal	LTV(9)	Loans	Principal	LTV(9)
2023(8)	8	$ 30,232	36.7%	6	$ 27,483	36.4%	2	$ 2,749	40.2%
2024	4	22,619	47.0	3	21,369	46.0	1	1,250	63.6
2025	3	13,619	37.8	2	12,369	35.2	1	1,250	63.6
2026	2	12,369	35.2	2	12,369	35.2	—	—	0.0
2027	—	—	0.0	—	—	0.0	—	—	0.0

(8) For purposes of this analysis, loans past maturity as of March 31, 2023, and loans subsequently maturing are expected to be paid by the calendar year end.
(9) The LTVs shown in this table are updated for any appraisals ordered and received by the manager after origination of the loan.

As indicated by the tables above, there is no future period covered in the analysis – nor is there any individual loan – in which a real estate market decline in values is likely to occur that would be sufficient to offset the substantial protective equity in the secured-loan portfolio (and in the individual loans) sufficient to put at risk collection of amounts owed under the notes, secured by the deeds of trust. In arriving at the determination, the manager consulted a range of banking/industry and academic studies and forecasts.

In performing the analysis, the manager considered the vintages in which the secured loans originated. The ultimate collectability of the amounts owed is reliant on the estimation of the fair value of the real property collateral securing the loans. Such estimation is not variant by vintage. Further there is no evidence, nor any indication in the analysis, that the ultimate collectability of the amounts owed fluctuates with the time on file or vintage. Such considerations are consistent with the 'no-credit-losses' experience of the partnership over the preceding 5+ years.

	Secured loans, principal							
LTV(10)	First trust deeds	Percent	Count	Second trust deeds	Percent	Count	Total principal	Percent
<40%	$ 13,019	22.5%	2	1,500	2.6%	1	$ 14,519	25.1%
40-49%	664	1.1	1	—	0.0	—	664	1.1
50-59%	7,115	12.3	3	—	0.0	—	7,115	12.3
60-69%	22,597	39.0	5	1,249	2.1	1	23,846	41.1
Subtotal <70%	43,395	74.9	11	2,749	4.7	2	46,144	79.6
70-79%	11,835	20.4	3	—	0.0	—	11,835	20.4
Subtotal <80%	55,230	95.3	14	2,749	4.7	2	57,979	100.0
≥80%	—	0.0	—	—	0.0	—	—	0.0
Total	$ 55,230	95.3%	14	$ 2,749	4.7%	2	$ 57,979	100.0%

(10) LTV classifications in the table above are based on principal, advances and interest unpaid at March 31, 2023.

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

REO at March 31, 2023 was comprised of three properties with a carrying value of approximately $5.9 million.

- In Los Angeles County (Hollywood Hills), two single-family residences on separate, adjoining parcels.
- In San Francisco County, a real estate interest comprised of a condominium unit consisting of storage lockers and signage rights for the exterior façade of the building.

There were no REO transactions or valuation allowance adjustments during the three months ended March 31, 2023 and 2022.

The two Hollywood Hills single-family residences were acquired in June 2020 by foreclosure sales. The borrower contested the foreclosure sales by filing California state court actions. One of these actions was dismissed by the trial Court and the dismissal was appealed by the borrower. An Appellate Court affirmation of the dismissal is pending further potential appeal. The occupancy of one of the two properties is being contested. A remaining action (not related to property title) remains pending.

There is a mortgage note payable secured by a first trust deed on one of the Hollywood Hills properties that matures November 1, 2044. Principal was approximately $1.3 million at March 31, 2023. Monthly payments are approximately $8 thousand, with interest at 4.125% until October 31, 2024 after which interest is calculated at LIBOR plus 2.25%. As of March 31, 2023, payments on the mortgage note payable were paid through to September 30, 2022. Principal and interest in arrears (5 payments as of March 31, 2023; 6 months of interest) approximated $52 thousand (interest payable approximated $28 thousand). At March 31, 2023, accrued liabilities includes accrued property taxes of approximately $22 thousand and prepaid insurance of approximately $4 thousand. Accounts payable at March 31, 2023 includes $231 thousand for negative escrow and unpaid late charges.

REO at March 31, 2022 was comprised of the three properties above and two other properties with a total carrying value of approximately $8.3 million.

- In San Francisco County, 1 residential unit in a condominium complex.
- In Stanislaus County, approximately 14 acres of undeveloped land zoned commercial.

REO, net

REO, net (in operations expense/holding costs) were $54 thousand and $84 thousand for the three months ended March 31, 2023 and 2022, respectively, and was net of other income principally of month-to-month rents received of approximately $3 thousand for the three months ended March 31, 2023 and 2022 for unit-storage lockers and signage in San Francisco County.

NOTE 6 – FAIR VALUE

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

Secured loans/performing

Due to the nature of the partnership’s loans and borrowers the fair value of loan balances secured by deeds of trust is deemed to approximate the recorded amount (per the consolidated financial statements) as the partnership's loans:

- are of shorter terms at origination than commercial real estate loans by institutional lenders and conventional single-family home mortgage lenders;
- are written without a prepayment penalty causing uncertainty/a lack of predictability as to the expected duration of the loan; and
- have limited marketability and are not yet sellable into an established secondary market.

Secured loans, with payments in arrears

The fair value of secured non-performing loans is the lesser of the fair value of the collateral or the enforceable amount of the note. Secured non-performing loans are collateral dependent because it is expected that the primary source of repayment will not be from the borrower but rather from the collateral. The fair value of the collateral is determined on a nonrecurring basis by exercise of judgment based on management’s experience informed by appraisals (by licensed appraisers), brokers’ opinion of values and publicly available information on in-market transactions (Level 3 inputs). When the fair value of the collateral exceeds the enforceable amount of the note, the borrower is likely to redeem the note. Accordingly, third party market participants would generally pay the fair value of the collateral, but no more than the enforceable amount of the note.

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

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

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

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

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

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

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

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

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

NOTE 7 – LINE OF CREDIT

Activity involving the line of credit for the three months ended March 31 is presented in the following table ($ in thousands).

	2023	2022
Balance, January 1	$ 10,000	$ —
Draws	—	10,800
Repayments	—	(1,000)
Balance, March 31,	$ 10,000	$ 9,800
Line of credit - average daily balance	$ 10,000	$ 3,758

In March 2020, RMI VIII entered into a revolving line of credit and term loan agreement with Western Alliance Bank ("bank") which is governed by the terms of the Business Loan Agreement (Revolving Line of Credit and Term Loan Agreement) between the bank and the partnership ("original credit agreement"), which was amended and modified by the First Loan Modification Agreement made effective March 4, 2022 (the "modification agreement" and together with the original credit agreement, the "credit agreement of 2022").

Under the terms of the credit agreement of 2022, RMI VIII can borrow up to a maximum principal of $10 million subject to a borrowing base calculation set forth in the credit agreement and the amounts advanced under the credit agreement are secured by a first priority security interest in the notes and deeds of trust of the pledged loans included in the borrowing base. The maturity date is March 13, 2024 when all amounts outstanding are then due. RMI VIII has the option at the maturity date to convert - for a fee of one-quarter of one percent (0.25%) – the then outstanding principal balance to a two-year term loan maturing in March 2026.

Prior to the modification agreement, interest on outstanding principal was payable monthly and accrued at the per annum rate of the greater of (i) five percent (5%) or (ii) the sum of the one-month LIBOR rate plus three and one-quarter percent (3.25%). The modification agreement replaced LIBOR as the reference rate under the credit agreement with the 30-day American Interbank Offered Rate Term -30 Index published for loans in United States Dollars by the American Financial Exchange ("Ameribor"). Following the modification agreement, interest on the outstanding principal under the credit line is payable monthly and accrues at the annual rate that is the greater of: (i) the Ameribor Rate plus three and one-quarter percent (3.25%); and (ii) five percent (5.0%). The fair value of the balance on the line of credit is deemed to approximate the recorded amount because the reference rate plus 3.25% and the other terms and conditions, including the two-year term, of the Revolving Line of Credit and Term Loan Agreement are reflective of market rate terms (Level 2 inputs).

If the partnership does not maintain the required compensating balance with a minimum daily average of $1.0 million for the calendar quarter, the interest rate automatically increases by one-quarter of one percent (0.25%) above that rate which would otherwise be applicable for the next calendar quarter retroactive to the beginning of the calendar quarter in which the compensating balance is not maintained. At March 31, 2023, the interest rate was eight and fourteen one-hundredths percent (8.14%).

For each calendar quarter during which the aggregate average daily outstanding principal is less than fifty percent (50%) of the maximum principal of $10 million, there is a quarterly unused line fee equal to one-half of one percent (0.50%) per annum of the average daily difference between the average principal outstanding and fifty percent (50%) of the maximum principal of $10 million.

Advances on the line of credit are to be used exclusively to fund secured loans. The credit agreement provides for customary financial and borrowing base reporting by RMI VIII to the lending bank and specifies that the partnership shall maintain (i) minimum tangible net worth of $50 million, net of amounts due from related companies; (ii) debt service coverage ratio at all times of not less than 2.00 to 1.00; and (iii) loan payment delinquency of less than ten percent (10.0%) at calendar quarter-end, calculated as the principal of loans with payments over 61-days past due as determined by the lending bank's guidance, less loan loss allowances, divided by total principal of the partnership's loans. The loan agreement provides that in the event the loan payment delinquency rate exceeds 10.0% as of the end of any quarter (10.05% at March 31, 2023), the bank will cease to make any further advances until compliant with the covenant but agrees not to accelerate repayment of the loan.

At March 31, 2023 and December 31, 2022, aggregate principal of pledged loans was approximately $21.1 million and $23.2 million, respectively, with a maximum allowed advance thereon of approximately $10 million, subject to the borrowing base calculation.

The debt issuance costs from the original credit agreement were fully amortized in March 2022. Debt issuance costs of approximately $57 thousand from the modification agreement are being amortized over its two-year term. Amortized debt issuance costs included in interest expense approximated $7 thousand and $14 thousand for the three months ended March 31, 2023 and 2022, respectively.

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

Commitments

Note 3 (General Partners and Other Related Parties) presents detailed discussion of the partnership's contractual obligations to RMC and detail of scheduled withdrawals of limited partners' capital at March 31, 2023.

Legal proceedings

As of March 31, 2023, the partnership is not involved in any legal proceedings or governmental proceedings other than those that would be considered part of the normal course of business.

In the normal course of its business, the partnership may become involved in legal proceedings (such as assignment of rents, bankruptcy proceedings, appointment of receivers, unlawful detainers, judicial foreclosure, etc.) to collect the debt owed under the promissory notes, to enforce the provisions of the deeds of trust, to protect its interest in the real property subject to the deeds of trust and to resolve disputes with borrowers, lenders, lien holders and mechanics. None of these actions, in and of themselves, typically would be of any material financial impact to the partnership (i.e., exceeding ten percent of the partnership's consolidated current assets).

NOTE 9 – SUBSEQUENT EVENTS

On May 19, 2023, the partnership filed a Consent Solicitation Statement pursuant to Section 14(a) of the Securities Exchange Act of 1934 with the SEC in connection with a proposed solicitation of consents from the limited partners to dissolve the partnership, liquidate its assets and wind up its affairs pursuant to a Plan of Dissolution (the "Plan"). If approved by an affirmative majority of the limited partnership interests, the partnership will not be immediately terminated, but will continue until its affairs have been wound up. The partnership will cease making new loans and will only engage in business activities necessary or convenient to wind-up the partnership's business and distribute partnership assets in accordance with the Plan, the Partnership Agreement and applicable law. RMC will continue as the manager of the partnership until the complete liquidation of the partnership's assets and the termination of the partnership. See "Term of the partnership" in Note 1 (Organizational and General) for detail on the Plan.

The manager evaluated events subsequent to March 31, 2023 and determined that there were no other events or transactions occurring during this reporting period that require recognition or disclosure in the unaudited consolidated financial statements.

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 on Form 10-Q, 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 partnership's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the U.S. Securities and Exchange Commission. The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the results to be expected for the full year.

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 ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), including statements regarding the partnership's expectations, hopes, intentions, beliefs and strategies regarding the future. Forward-looking statements, which are based on various assumptions (some of which are beyond our control), may be identified by reference to a future period or periods or by use of forward-looking terminology, such as "may," "will," "believe," "expect," "anticipate," "continue," "possible" or similar terms or variations on those terms or the negative of those terms. Forward-looking statements include statements regarding trends in the California real estate market, future interest rates and economic conditions and their effect on the partnership and its assets, estimates as to the allowance for credit losses, estimates of future withdrawals of units, future funding of loans by the partnership, and beliefs relating to how the partnership 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, therefore, you should not place undue reliance on forward-looking statements which reflect our view only as of the date hereof.

Factors that might cause such a difference include, but are not limited to, the following:

- changes in economic conditions, interest rates, and changes in California real estate markets;
- the impact of competition and competitive pricing for mortgage loans;
- the general partners' ability to make and arrange for loans that fit our investment criteria;
- whether we will have any future loan sales to unaffiliated third parties, and if we do, the gain, net of expenses, and the volume/timing of loan sales to unaffiliated third parties, which to date have provided only immaterial gains to us;
- the concentration of credit risks to which we are exposed;
- increases in payment delinquencies and defaults on our mortgage loans;
- changes in government regulation and legislative actions affecting our business; and
- the impact of global unrest and economic instability which has an adverse effect on US markets and economic conditions, including inflationary pressures on interest rates.

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 unless required by law.

Overview

Redwood Mortgage Investors VIII, L.P., a California Limited Partnership ("we", "RMI VIII" or the "partnership"), was formed in 1993 to engage in business as a mortgage lender and investor by making and holding-for-investment mortgage loans secured by California real estate, primarily by first and second deeds of trust. The partnership is externally managed by Redwood Mortgage Corp. ("RMC" or "the manager"). See Note 3 (General Partners and Other Related Parties) to the consolidated financial statements included in Part I, Item 1 of this report for a detailed presentation of the partnership's activities for which related parties are compensated and for other related party transactions.

Cash generated from loan payoffs and borrower payments of principal and interest is used for operating expenses, distributions to limited partners and withdrawals. The cash flow, if any, in excess of these uses plus the cash from advances on the line of credit is reinvested in new loans.

Per the Partnership Agreement, no more than 20% of the total limited partners' capital account balances at the beginning of any year may be liquidated during any calendar year. Notwithstanding this 20% limitation, the general partners have the discretion to further limit the percentage of total limited partners' capital accounts that may be withdrawn in order to comply with the safe harbor provisions of the regulations under Section 7704 of the Internal Revenue Code of 1986, as amended, to avoid the partnership being taxed as a corporation.

On May 19, 2023, the partnership filed a Consent Solicitation Statement pursuant to Section 14(a) of the Securities Exchange Act of 1934 with the SEC in connection with a proposed solicitation of consents from the limited partners to dissolve the partnership, liquidate its assets and wind up its affairs pursuant to a Plan of Dissolution (the "Plan"). If approved by an affirmative majority of the limited partnership interests, the partnership will not be immediately terminated, but will continue until its affairs have been wound up.

See Note 1 (Organization and General) to the consolidated financial statements included in Part I, Item 1 of this report on Form 10-Q for additional detail on the organization and operations of RMI VIII.

Critical Accounting Policies

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

Accounting policies are an integral part of our consolidated financial statements. For a summary of our critical accounting policies, see “Critical Accounting Policies” in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the year ended December 31, 2022.

Adoption of ASC 326 (CECL)

As of January 1, 2023, the partnership adopted Accounting Standards Codification 326, Financial Instruments – Credit Losses using the modified retrospective approach, which requires a lifetime, current expected credit loss (CECL) measurement objective for the recognition of credit losses at the time a loan is originated or acquired. The allowance for credit losses is adjusted each period for changes in expected lifetime credit losses for loans and accrued interest. The determination of the amount of the allowance for credit losses considers historical loss experience, current fair value of collateral and the resultant LTV, current real estate and financial markets, as well as reasonable and supportable forecasts about future economic scenarios. The forward-looking estimates consider the likelihood that any combination of events would adversely impact economic conditions and real estate markets in California such that the substantial protective equity existing for the loans would no longer be sufficient to collect the recorded amounts of principal, advances and accrued interest due on the loan.

In conjunction with the adoption of CECL, the partnership changed its guidelines for non-accrual status and recognized a cumulative-effect adjustment with a net increase to partners’ capital of $168 thousand, consisting of an increase to the allowance for credit losses of $65 thousand to recognize lifetime expected credit losses for secured loans at December 31, 2022, and the recognition of $233 thousand of previously foregone interest for loans designated non-accrual at December 31, 2022. The limited number of loans (16) – aided by the fact that four (4) of the loans comprise a significant portion of loan principal (approximately $32.1 million of the $58 million of loan principal) and the short terms for which the loans are written - enabled the manager to do a loan-by-loan analysis to determine the risk of loss.

There is no future period covered in the analysis - nor is there any individual loan - in which a real estate market decline in values (likely to occur) would be sufficient to offset the substantial protective equity in the secured-loan portfolio (and in the individual loans) sufficient to put at risk collection of amounts owed under the notes, secured by the deeds of trust. In arriving at the determination, the manager consulted a range of banking/industry and academic studies and forecasts.

In performing the analysis, the manager considered the vintages in which the secured loans originated. The ultimate collectability of the amounts owed is reliant on the estimation of the fair value of the real property collateral securing the loans. Such estimation is not variant by vintage. Further there is no evidence, nor any indication in the analysis, that the ultimate collectability of the amounts owed fluctuates with the time on file or vintage. Such considerations are consistent with the ‘no-credit-losses’ experience of the partnership over the preceding 5+ years.

Loans on non-accrual status

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

In periods prior to January 1, 2023, loans were placed on non-accrual status if 180 days delinquent or earlier if management determined that the primary source of repayment would 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 was no longer considered well-secured.

There were no other material changes to our critical accounting policies since our annual report on Form 10-K.

Results of Operations

The following discussion describes our results of operations for the three months ended March 31, 2023.

Key performance indicators

Key performance indicators as of and for the three months ended March 31, 2023 and 2022 are presented in the following table ($ in thousands).

		2023		2022
Limited partners' capital – end of period	$	55,090	$	66,348
Limited partners' capital – average balance	$	56,353	$	67,952
Limited partners' capital – withdrawals[1]	$	2,551	$	3,245
Secured loans principal – end of period balance	$	57,979	$	57,205
Secured loans principal – average daily balance	$	58,942	$	60,785
Number of first trust deeds		14		23
Principal – first trust deeds	$	55,230	$	42,398
Weighted average LTV – first trust deeds[2]		54.7%		62.7%
Number of second trust deeds		2		5
Principal – second trust deeds	$	2,749	$	14,807
Weighted average LTV – second trust deeds[2]		50.5%		53.9%
Interest income	$	1,268	$	1,320
Portfolio interest rate[3]		8.6%		8.6%
Effective yield rate[4]		8.6%		8.7%
Line of credit – end of period	$	10,000	$	9,800
Line of credit – average daily balance[5]	$	10,000	$	3,758
Mortgages payable – end of period	$	1,347	$	1,453
Mortgages payable – average daily balance [6]	$	1,347	$	1,453
Average interest rate – line of credit		7.8%		5.0%
Interest expense				
Line of credit	$	201	$	60
Mortgages payable	$	14	$	15
Provision for (recovery of) loan losses	$	—	$	—
Operations expense	$	990	$	899
Net income	$	66	$	350
Percent[7][8]		0.5%		2.0%

(1) Scheduled withdrawals of limited partner capital as of March 31, 2023 were approximately $12.5 million (approximately $20.5 million as of December 31, 2022).
(2) The LTVs use the appraisals at origination of the loans.
(3) Stated note interest rate, weighted daily average (annualized)
(4) Percent secured loans principal – average daily balance (annualized)
(5) See Note 7 (Line of Credit) to the consolidated financial statements included in Part I, Item 1 of this report on Form 10-Q for a presentation of the activity and discussion of the terms and conditions of the loan agreement.
(6) In June 2020, the partnership acquired by foreclosure sale two adjoining properties subject to two first mortgages. See Note 5 (Real Estate Owned (REO) and Mortgages Payable) to the consolidated financial statements included in Part I, Item 1 of this report on Form 10-Q for a presentation of the activity and of the terms and conditions of the mortgages payable.
(7) Percent of limited partners' capital – average balance (annualized)
(8) Percent based on the net income available to limited partners (excluding 1% of income and losses allocated to general partners)

Limited partners' capital and limited partners' capital – withdrawals

Limited partners' capital and capital available to lend are declining due to partner withdrawals exceeding the net income retained in limited partners' capital accounts. Limited partners' capital declined approximately $2.7 million in the three months ended March 31, 2023.

Withdrawals of limited partners' capital for the three months ended March 31, 2023 and 2022 are presented in the following table ($ in thousands).

Withdrawals	2023	2022
Without penalty	$ 2,170	$ 2,890
With penalty	381	355
Total	$ 2,551	$ 3,245
Scheduled, at March 31,	$ 12,485	$ 20,487
Percentage of scheduled withdrawals in end of period capital	22.7%	30.9%

Scheduled withdrawals of limited partners' capital in periods as of and after March 31, 2023 are presented in the following table ($ in thousands).

2023	$ 5,189
2024	4,083
2025	1,934
2026	952
2027	299
Thereafter	28
Total	$ 12,485

Of the scheduled withdrawals of approximately $12.5 million, approximately $131 thousand are subject to early withdrawal penalties as of March 31, 2023.

Secured loans

We have sought to exercise strong discipline in underwriting loan applications and lending against collateral at amounts that create a mortgage portfolio that has substantial protective equity (i.e., property value to outstanding debt) as indicated by our overall conservative weighted-average loan-to-value ratio (LTV) at time of origination which at March 31, 2023 was 54.5%. Thus, based on the appraisal-based valuations at the time of loan inception, borrowers have, in the aggregate, equity of 45.5% in the property, and we as lenders have loaned in the aggregate 54.5% (including other senior liens on the property, for other than first-lien loans) against the properties we hold as collateral for the repayment of our loans.

Secured loans, principal by LTV and lien position at March 31, 2023 are presented in the following table ($ in thousands). The LTVs shown in this table are updated for any appraisals ordered and received by the manager after origination of the loan.

	Secured loans, principal					
LTV[(1)]	First trust deeds	Percent	Second trust deeds	Percent	Total principal	Percent
<40%	$ 13,019	22.5%	$ 1,500	2.6%	$ 14,519	25.1%
40-49%	664	1.1	—	0.0	664	1.1
50-59%	7,115	12.3	—	0.0	7,115	12.3
60-69%	22,597	39.0	1,249	2.1	23,846	41.1
Subtotal <70%	43,395	74.9	2,749	4.7	46,144	79.6
70-79%	11,835	20.4	—	0.0	11,835	20.4
Subtotal <80%	55,230	95.3	2,749	4.7	57,979	100.0
≥80%	—	0.0	—	0.0	—	0.0
Total	$ 55,230	95.3%	$ 2,749	4.7%	$ 57,979	100.0%

(1) LTV classifications in the table above are based on principal, advances and interest unpaid at March 31, 2023.

Loans with payments in arrears, principal by LTV and lien position at March 31, 2023 are presented in the following table ($ in thousands). The LTVs shown in this table are updated for any appraisals ordered and received by the manager after origination of the loan.

	Secured loans with payments in arrears, principal					
LTV[2]	First trust deeds	Percent[3]	Second trust deeds	Percent[3]	Total Principal	Percent[3]
<40%	$ —	0.0%	$ —	0.0%	$ —	0.0%
40-49%	—	0.0	—	0.0	—	0.0
50-59%	3,565	6.1	—	0.0	3,565	6.1
60-69%	11,710	20.2	—	0.0	11,710	20.2
Subtotal <70%	15,275	26.3	—	0.0	15,275	26.3
70-79%	2,105	3.6	—	0.0	2,105	3.6
Subtotal <80%	17,380	29.9	—	0.0	17,380	29.9
≥80%	—	0.0	—	0.0	—	0.0
Total	$ 17,380	29.9%	$ —	0.0%	$ 17,380	29.9%

(2) LTV classifications in the table above are based on principal, advances and interest unpaid at March 31, 2023.
(3) Percent of secured loan principal, end of period balance.

Payments in arrears for non-performing secured loans (i.e., principal and interest payments past due 30 or more days) at March 31, 2023, totaled approximately $5.3 million of which $4.7 million was principal, and approximately $661 thousand was accrued interest. Almost the entire principal in arrears was loans past maturity, all of which were in first lien position.

See Note 4 (Loans) to the consolidated financial statements included in Part I, Item 1 of this report for detail of the secured loan portfolio, including loan characteristics, scheduled maturities, delinquency and payments in arrears, loans in non-accrual status and the allowance for credit losses.

Performance overview/net income 2023 v. 2022

Net income available to limited partners as a percent of limited partners' capital – average daily balance (annualized) was 0.5% and 2.0% for the three months ended March 31, 2023 and 2022, respectively. Net income decreased approximately $284 thousand (81.1%) for the three months ended March 31, 2023 as compared to the same period in 2022, primarily due to the reduction in net interest income of approximately $192 thousand (15.4%) and an increase in operations expense of approximately $91 thousand (10.1%).

Analysis and discussion of income from operations 2023 v. 2022 (three months ended)

Significant changes to net income for the three months ended March 31, 2023 compared to the same period in 2022 are summarized in the following table ($ in thousands).

	Net interest income	Provision for (recovery of) credit losses	Operations expense	Net income
Three months ended				
March 31, 2023	$ 1,053	—	990	$ 66
March 31, 2022	1,245	—	899	350
Change	$ (192)	—	91	$ (284)
Change				
Decrease secured loans principal - average daily balance	(40)	—	(2)	(38)
Effective yield rate	(13)	—	—	(13)
Amortization of debt issuance costs	7	—	—	7
Interest on line of credit	(147)	—	—	(147)
Interest on mortgages payable assumed at foreclosure	1	—	—	1
Decrease limited partners' capital - average balance	—	—	(25)	25
Increase in allocable expenses from the manager	—	—	17	(17)
Legal, audit and consulting	—	—	78	(78)
Timing of services rendered	—	—	21	(21)
REO sales, net	—	—	—	—
REO holding costs	—	—	(30)	30
Late fees	—	—	—	(1)
Other	—	—	32	(32)
Change	$ (192)	—	91	$ (284)

The table above displays only significant changes to net income for the period and is not intended to cross foot.

Net interest income

Net interest income decreased approximately $192 thousand (15.4%) for the three months ended March 31, 2023 compared to the same period in 2022. The decrease in net interest income is due primarily to (i) an increase in interest expense due to an increase in the line of credit – average daily balance and a rapid increase in interest rates, offset in part by a decrease in amortized debt issuance costs and (ii) due to a decrease in interest income of approximately $52 thousand (3.9%) resulting from the decrease in the secured loans principal – average daily balance of approximately $1.8 million (3%). The line of credit - average daily balance increased approximately $6.2 million (163.16%) for the three months ended March 31, 2023 compared to the same period in 2022, and the average interest rate on the line of credit increased 2.83 percent (56.6%) over the same period, resulting in an increase of approximately $147 thousand (312.8%) in interest expenses on the line of credit. See Key performance indicators table included above in Item 2 of this report for specific details of average interest rate on the line of credit.

Provision (recovery)/allowance for credit losses

In conjunction with the adoption of ASC 326 (CECL), the partnership recognized a cumulative-effect adjustment to partners' capital of $65 thousand to recognize lifetime expected credit losses for secured loans at December 31, 2022. The limited number of loans (16) – aided by the fact that four (4) of the loans comprise a significant portion of loan principal (approximately $31 million of the $55 million of loan principal) and the short terms for which the loans are written - enabled the manager to do a loan-by-loan analysis to determine the risk of loss. The analysis included projecting the outstanding principal for loans – individually and in total, by lien position – until maturity to determine the count, amount and weighted average LTV of the loans for future quarter and year ends.

See Note 4 (Loans) to the consolidated financial statements included in Part I, Item 1 of this report for a detailed presentation of allowance for credit losses.

Operations expense

Significant changes to operations expense for the three months ended March 31, 2023 compared to the same period in 2022 are summarized in the following table ($ in thousands).

	Mortgage servicing fees	Asset management fees	Costs from RMC	Professional services	REO, net	Other	Total
Three months ended							
March 31, 2023	$ 221	54	178	473	54	10	$ 990
March 31, 2022	223	65	175	351	84	1	899
Change	$ (2)	(11)	3	122	(30)	9	$ 91
Change							
Decrease secured loans principal - average daily balance	(2)	—	—	—	—	—	(2)
Decrease limited partners' capital - average balance	—	(11)	(14)	—	—	—	(25)
Increase in allocable expenses from the manager	—	—	17	—	—	—	17
Legal, audit and consulting	—	—	—	78	—	—	78
Timing of services rendered	—	—	—	21	—	—	21
REO holding costs	—	—	—	—	(30)	—	(30)
Other	—	—	—	23	—	9	32
Change	$ (2)	(11)	3	122	(30)	9	$ 91

Mortgage servicing fees

The decrease in mortgage servicing fees of approximately $2 thousand for the three months ended March 31, 2023 as compared to the same period in 2022, was due to a decrease in the secured loans principal – average daily balance to approximately $58.9 million from approximately $60.8 million. Fees are charged by RMC at the annual rate of 1.5%.

Asset management fees

For the management of the partnership's loan portfolio, the general partners are entitled to an Asset Management Fee in an amount up to 1/32 of 1% of the "net asset value" of the partnership (3/8 of 1% annually). The decrease in asset management fees for the three months ended March 31, 2023, as compared to the same period in 2022, was due to the decrease in limited partners' capital – average balance to approximately $56.4 million from $68 million.

Costs from RMC

RMC is entitled to request reimbursement for operations expense incurred on behalf of RMI VIII, including without limitation, RMC's personnel and non-personnel costs incurred for qualifying business activities, including investor services, accounting, tax and data processing, postage and out-of-pocket general and administration expenses. The increase in costs from RMC of approximately $3 thousand for the three months ended March 31, 2023 as compared to the same period in 2022 was due to an increase in allocable payroll and professional services of approximately $17 thousand, which was offset by a reduction of the partnership's limited partners' capital as a percent of the total capital of the related mortgaged funds managed by RMC of approximately $14 thousand.

Professional services

Professional services consist primarily of information technology, legal, audit and tax compliance, and consulting expenses.

The increase in professional services of approximately $122 thousand for the three months ended March 31, 2023 compared to the same period in 2022 was due to (i) timing differences of services rendered partially as a result of prior year-end tasks completed in the three months ended March 31, 2023 and (ii) an increase in legal fees due to increased legal activities, in particular the proposal to dissolve the fund which was approximately $35 thousand in the three months ended March 31, 2023.

REO, net

The REO balance was approximately $5.9 million and $8.3 million at March 31, 2023 and 2022, respectively. There were no REO acquisitions in the three months ended March 31, 2023 and 2022.

The decrease in holding costs, net of other income when comparing the three months ended March 31, 2023 to the three months ended March 31, 2022 is due to a decrease in REO operating expenses of approximately $30 thousand due to the sale of REO in Stanislaus and San Francisco County during 2022. Holding costs, net of other income includes month-to-month rents received of approximately $3 thousand for the three months ended March 31, 2023 and 2022, for the unit-storage lockers and signage in San Francisco county.

See Note 5 (Real Estate Owned (REO) and Mortgages Payable) to the consolidated financial statements included in Part I, Item 1 of this report for detailed presentations of REO activity during the period.

Cash flows and liquidity

Cash flows by business activity for the three months ended March 31, 2023 and 2022 are presented in the following table ($ in thousands).

	Three Months Ended March 31 ,	
	2023	2022
Limited partners' capital		
Withdrawals, net of early withdrawal fees	$ —	$ (3,208)
Early withdrawal penalties	(39)	(37)
Distributions	(89)	(308)
Cash (used in) limited partners' capital	(128)	(3,553)
Borrowings		
Line of credit advances, net	—	9,800
Interest paid	(187)	(29)
Debt issuance costs paid - line of credit	—	(57)
Cash (used in) provided by borrowings	(187)	9,714
Loan earnings and payments		
Interest received, net	1,020	1,055
Late fees and other loan income	1	21
Loans funded, net	(5,700)	(10,489)
Principal collected	3,853	2,355
Loans transferred to related mortgage fund	3,956	—
Advances (funded by) received from loans	(17)	91
Cash provided by (used in) loan production	3,113	(6,967)
REO		
Holding costs	(50)	—
Cash (used in) REO operations and sales	(50)	—
RMC payments - formation loan	—	125
Operations expense, excluding REO holding costs	(877)	(801)
Net increase (decrease) in cash	$ 1,871	$ (1,482)
Cash, end of period	$ 2,834	$ 2,421

Limited partners withdrawals of approximately $2.5 million and March limited partners distributions of approximately $118 thousand were paid out in April 2023, and are included in the balance sheet as distributions and withdrawals to limited partners as of March 31, 2023.

Liquidity and Capital Resources

The ongoing sources of funds for loans are the proceeds (net of withdrawals from limited partners' capital accounts and operation expense) from:

- loan payoffs;
- borrowers' monthly principal and interest payments;
- line of credit advances;
- loan sales to unaffiliated third parties;
- REO sales;
- payments from RMC on the outstanding balance of the formation loan; and
- earnings retained (i.e., not distributed) in partners' capital accounts.

The partnership's only obligation is to fund capital account withdrawal requests subject to cash available pursuant to the terms of the Partnership Agreement. RMI VIII's cash balances are planned to be maintained at levels sufficient to support on-going operations and satisfy obligations. In the event the current level of withdrawal requests by limited partners continues, the general partners may elect to restrict or suspend future capital withdrawals, as permitted by the terms of the Partnership Agreement, in order to maintain sufficient levels of liquidity to meet future partnership requirements.

The manager will continue to utilize line of credit advances, loan assignments to related mortgage funds and loan sales to unaffiliated third parties to meet the liquidity requirements of the partnership, while striving to fully deploy capital available to lend.

The manager believes these sources of funds will provide sufficient funds to adequately meet our obligations beyond the next twelve months.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not included because the partnership is a smaller reporting company.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The partnership is externally managed by RMC. The manager is solely responsible for managing the business and affairs of the partnership, subject to the voting rights of the limited partners on specified matters. The manager acting alone has the power and authority to act for and bind the partnership. RMC provides the personnel and services necessary for us to conduct our business, as we have no employees of our own.

California limited partnerships generally do not have a board of directors, nor, therefore, do we have an audit committee of the board of directors. Thus, there is no conventional independent oversight of the partnership's financial reporting process. The manager, however, provides the equivalent functions of a board of directors and of an audit committee for, among other things, the following purposes:

- appointment, compensation, review and oversight of the work of the independent public accountants; and
- establishing and maintaining internal controls over financial reporting.

RMC, as the manager, carried out an evaluation, with the participation of RMC's President (acting as principal executive officer/principal financial officer) of the effectiveness of the design and operation of the manager's controls and procedures over financial reporting and disclosure (as defined in Rule 13a-15 of the Exchange Act) for and as of the end of the period covered by this report. Based upon that evaluation, RMC's principal executive officer/principal financial officer concluded, as of the end of such period, that the manager's disclosure controls and procedures were effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by us in our reports that we file or submit under the Exchange Act.

Changes to Internal Control Over Financial Reporting

There have not been any changes in internal control over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) that occurred during the three months ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, the manager's or partnership's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. **Legal Proceedings**

As of March 31, 2023, the partnership was not involved in any legal proceedings or governmental proceedings other than those that would be considered part of the normal course of business. In the normal course of business, the partnership may become involved in various types of legal proceedings such as assignment of rents, bankruptcy proceedings, appointment of receivers, unlawful detainers, judicial foreclosure, etc. to enforce provisions of the deeds of trust, collect the debt owed under promissory notes or protect or recoup its investment from real property secured by the deeds of trust and resolve disputes between borrowers, lenders, lien holders and mechanics. None of these actions, in and of themselves, typically would be of any material financial impact to the partnership (i.e., exceeding ten percent of the partnership's consolidated current assets).

Item 1A. **Risk Factors**

Not included because the partnership is a smaller reporting company.

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

There were no sales of securities by the partnership which were not registered under the Securities Act of 1933.

Withdrawals are made once a quarter, on the last business day of the quarter. Withdrawals for the three months ended March 31, 2023 were approximately $2.6 million. The unit liquidation program is ongoing and available to partners beginning one year after the purchase of the units. The maximum number of units that may be withdrawn in any year and the maximum amount of withdrawals available in any period to partners are subject to certain limitations described in the Partnership Agreement.

Item 3. **Defaults Upon Senior Securities**

There has been no material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within thirty (30) days relating to indebtedness of the company.

Item 4. **Mine Safety Disclosures**

Not Applicable.

Item 5. **Other Information**

None.

Item 6. **Exhibits**

Exhibit No.	Description of Exhibits
10.1	First Loan Modification Agreement dated as of March 4, 2022 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated as of March 11, 2022, (File No. 000-27816) incorporated herein by reference.)
31.1	Certification of General Partner pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of General Partner pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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 VIII, L.P., a
California Limited Partnership
(Registrant)

Date: May 22, 2023	By:		**Redwood Mortgage Corp., General Partner**
		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), Director
Date: May 22, 2023	By:		**Michael R. Burwell, General Partner**
		By:	/s/ Michael R. Burwell
		Name:	Michael R. Burwell
		Title:	General Partner

Exhibit 31.1

PRINCIPAL OFFICER CERTIFICATION

I, Michael R. Burwell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Redwood Mortgage Investors VIII, L.P., a California Limited Partnership (the "Registrant");

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

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

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

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

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

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

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

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

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

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

/s/ Michael R. Burwell

Michael R. Burwell, President,
(principal executive officer and principal financial officer)
Redwood Mortgage Corp.,
General Partner
May 22, 2023

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 VIII, L.P., a California Limited Partnership (the "Partnership") on Form 10-Q for the period ended March 31, 2023 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 partnership at the dates and for the periods indicated.

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

/s/ Michael R. Burwell
Michael R. Burwell, President,
(principal executive officer and principal financial officer)
Redwood Mortgage Corp.,
General Partner
May 22, 2023