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 June 30, 2024

☐ **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: 000-55601

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

Delaware (State or other jurisdiction of incorporation or organization)	**26-3541068** (I.R.S. Employer Identification Number)
155 Bovet Road, Suite 302, 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 IX, LLC

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Part I – FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

REDWOOD MORTGAGE INVESTORS IX, LLC
Balance Sheets
June 30, 2024 (unaudited) and December 31, 2023
($ in thousands)

ASSETS	June 30, 2024	December 31, 2023
Cash, in banks	$ 281	$ 1,712
Loan payments in trust	61	28
Loans		
Principal	74,752	62,916
Advances	6	2
Accrued interest	891	572
Prepaid interest	(141)	(107)
Loan balances secured by deeds of trust	75,508	63,383
Allowance for credit losses	(120)	(120)
Loan balances secured by deeds of trust, net	75,388	63,263
Debt issuance costs, net	57	7
Prepaid expenses	18	—
Promissory note from related mortgage fund (Note 3)	—	2,800
Total assets	$ 75,805	$ 67,810
LIABILITIES AND MEMBERS' CAPITAL		
Liabilities		
Accounts payable and accrued liabilities	$ 232	$ 111
Payable to related mortgage fund (Note 3)	4	18
Payable to manager (Note 3)	35	57
Distribution and redemptions to members (Note 3)	68	15
Unsecured borrowings from related mortgage funds (Note 3)	1,300	—
Line of credit	10,000	2,153
Total liabilities	11,639	2,354
Commitments and contingencies (Note 6)		
Members' and manager's capital, net	66,964	68,358
Receivable from manager (formation loan)	(2,798)	(2,902)
Members' and manager's capital, net of formation loan	64,166	65,456
Total liabilities and members' capital	$ 75,805	$ 67,810

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

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Income
For the Three and Six Months Ended June 30, 2024 and 2023 (unaudited)
($ in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue				
Interest income	$ 1,605	$ 1,747	$ 3,105	$ 3,362
Interest expense	(162)	(172)	(216)	(371)
Net interest income	1,443	1,575	2,889	2,991
Late fees	2	9	6	11
Gain on sale, loans	24	—	24	—
Total revenue, net	1,469	1,584	2,919	3,002
Provision for credit losses	—	—	—	—
Operations expense				
Mortgage servicing fees to Redwood Mortgage Corp.	41	44	81	91
Asset management fees to Redwood Mortgage Corp.	118	128	236	255
Costs from Redwood Mortgage Corp., net (Note 3)	72	88	162	169
Professional services	374	234	926	545
Other	17	2	22	6
Total operations expense	622	496	1,427	1,066
Net income	$ 847	$ 1,088	$ 1,492	$ 1,936
Net income				
Members (99%)	$ 839	$ 1,077	$ 1,478	$ 1,917
Manager (1%)	8	11	14	19
	$ 847	$ 1,088	$ 1,492	$ 1,936

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

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Changes in Members' and Manager's Capital

For the Three Months Ended June 30, 2024 (unaudited)
($ in thousands)

	Members' Capital	Manager's Capital	Unallocated Organization and Offering Expenses	Members' and Manager's Capital, net
Balance at March 31, 2024	$ 68,184	$ 82	$ (671)	$ 67,595
Net income	839	8	—	847
Earnings distributed	(782)	(8)	—	(790)
Earnings distributed/reinvested (DRIP)	169	—	—	169
Redemptions	(865)	—	—	(865)
Organization and offering expenses allocated	(60)	—	60	—
Organization and offering expenses repaid by RMC	—	—	8	8
Balance at June 30, 2024	$ 67,485	$ 82	$ (603)	$ 66,964

For the Six Months Ended June 30, 2024 (unaudited)
($ in thousands)

	Members' Capital	Manager's Capital	Unallocated Organization and Offering Expenses	Members' and Manager's Capital, net
Balance at December 31, 2023	$ 69,018	$ 82	$ (742)	$ 68,358
Net income	1,478	14	—	1,492
Earnings distributed	(1,585)	(14)	—	(1,599)
Earnings distributed/reinvested in DRIP	442	—	—	442
Redemptions	(1,747)	—	—	(1,747)
Organization and offering expenses allocated	(121)	—	121	—
Organization and offering expenses repaid by RMC	—	—	18	18
Balance at June 30, 2024	$ 67,485	$ 82	$ (603)	$ 66,964

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

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Changes in Members' and Manager's Capital

For the Three Months Ended June 30, 2023 (unaudited)
($ in thousands)

	Members' Capital	Manager's Capital	Unallocated Organization and Offering Expenses	Members' and Manager's Capital, net
Balance at March 31, 2023	$ 70,995	$ 81	$ (964)	$ 70,112
Net income	1,077	11	—	1,088
Earnings distributed	(869)	(11)	—	(880)
Earnings distributed/reinvested (DRIP)	385	—	—	385
Redemptions	(923)	—	—	(923)
Organization and offering expenses allocated	(64)	—	64	—
Organization and offering expenses repaid by RMC	—	—	13	13
Balance at June 30, 2023	$ 70,601	$ 81	$ (887)	$ 69,795

For the Six Months Ended June 30, 2023 (unaudited)
($ in thousands)

	Members' Capital	Manager's Capital	Unallocated Organization and Offering Expenses	Members' and Manager's Capital, net
Balance at December 31, 2022	$ 71,730	$ 82	$ (1,045)	$ 70,767
Adoption of ASC 326	(6)	(1)	—	(7)
Balance at January 1, 2023	71,724	81	(1,045)	70,760
Net income	1,917	19	—	1,936
Earnings distributed	(1,772)	(19)	—	(1,791)
Earnings distributed/reinvested (DRIP)	813	—	—	813
Redemptions	(1,951)	—	—	(1,951)
Organization and offering expenses allocated	(130)	—	130	—
Organization and offering expenses repaid by RMC	—	—	28	28
Balance at June 30, 2023	$ 70,601	$ 81	$ (887)	$ 69,795

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

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Cash Flows
For the Six Months Ended June 30, 2024 and 2023 (unaudited)
($ in thousands)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operations		
Interest income received	$ 2,794	$ 3,553
Interest expense paid	(162)	(365)
Late fees and other loan income	(27)	88
Operations expense	(1,398)	(1,270)
Total cash provided by operations	1,207	2,006
Investing		
Loans funded	(35,194)	(18,003)
Principal collected	19,340	22,097
Loans transferred from related mortgage funds	—	(3,393)
Loans transferred to related mortgage fund	—	857
Proceeds from loans sold to non-affiliate, net	4,068	—
Advances collected	(5)	—
Promissory note funded to related mortgage fund	—	(3,300)
Promissory note repaid by related mortgage fund	2,800	—
Total cash (used in) investing	(8,991)	(1,742)
Financing		
Members’ and manager's capital		
Distributions to members and manager		
Earnings distributed, net of DRIP	(1,089)	(960)
Redemptions, net of early withdrawal penalties (Note 3)	(1,761)	(1,950)
Total distributions to members and manager	(2,850)	(2,910)
Organization and offering expenses repaid by RMC, net	18	28
Early withdrawal penalties	—	(1)
Cash (used in) members’ and manager’s capital	(2,832)	(2,883)
Promissory note received from related parties	940	—
Promissory note repaid to related parties	(940)	—
Promissory note received from third party	1,500	—
Promissory note repaid to third party	(1,500)	—
Line of credit		
Advances	23,250	—
Repayments	(15,403)	(2,409)
Debt issuance costs	(66)	—
Cash provided by (used in) line of credit	7,781	(2,409)
Unsecured borrowings received from related mortgage funds	2,500	—
Unsecured borrowings repaid to related mortgage fund	(1,200)	—
Formation loan collected	104	104
Total cash provided by (used in) financing	6,353	(5,188)
Net (decrease) in cash	(1,431)	(4,924)
Cash, beginning of period	1,712	5,055
Cash, end of period	$ 281	$ 131

Non-cash investing activities for the six months ended June 30, 2024 and 2023 include four loans transferred to held for sale of approximately $4 million and one loan transferred to held for sale of approximately $1.0 million, respectively. The four loans in 2024 were sold to an unaffiliated bank on May 31, 2024 for the amount owed on the note plus a premium, resulting in a gain of approximately $24 thousand.

Non-cash financing activities for the six months ended June 30, 2024 and 2023 include earnings distributed to the dividend reinvestment plan of $442 thousand and $813 thousand, respectively.

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

REDWOOD MORTGAGE INVESTORS IX, LLC
Statements of Cash Flows
For the Six Months Ended June 30, 2024 and 2023 (unaudited)
($ in thousands)

	Six Months Ended June 30,	
Reconciliation of net income to total cash provided by operations	**2024**	**2023**
Net income	$ 1,492	$ 1,936
Adjustments to reconcile net income to total cash provided by operations		
Gain on sale, loans	(24)	—
Amortization of debt issuance costs	15	15
Change in operating assets and liabilities		
Loan payments in trust	(33)	77
Accrued interest	(344)	62
Prepaid interest	34	129
Prepaid expenses	(18)	(14)
Accounts payable and accrued liabilities	121	(16)
Payable to related parties	(36)	(183)
Total adjustments	(285)	70
Total cash provided by operations	$ 1,207	$ 2,006

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

NOTE 1 – ORGANIZATION AND GENERAL

Redwood Mortgage Investors IX, LLC ("RMI IX" or "the company") is a Delaware limited liability company formed in October 2008 to engage in business as a mortgage lender and investor by making and holding-for-investment mortgage loans secured by California real estate, primarily through first and second deeds of trust. The company is externally managed by Redwood Mortgage Corp. ("RMC" or "the manager"). RMC provides the personnel and services necessary for the company to conduct its business as the company has no employees of its own. The mortgage loans the company funds and invests in are arranged and generally are serviced by RMC.

In the opinion of management of RMC, the accompanying unaudited financial statements contain all adjustments, consisting of normal, recurring adjustments, necessary to present fairly and accurately the financial information included therein. These unaudited financial statements should be read in conjunction with the audited financial statements included in the company's Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (SEC). The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the operating results to be expected for the full year.

The rights, duties and powers of the members and manager of the company are governed by the Ninth Amended and Restated Limited Liability Company Operating Agreement of RMI IX (the "Operating Agreement"), as amended by the Second Amendment to the Operating Agreement, the Delaware Limited Liability Company Act and the California Revised Uniform Limited Liability Company Act.

Members representing a majority of the outstanding units may, without the concurrence of the manager, vote to: (i) dissolve the company, (ii) amend the Operating Agreement, subject to certain limitations, (iii) approve or disapprove the sale of all or substantially all of the assets of the company or (iv) remove or replace one or all of the managers. Where there is only one manager, a majority in interest of the members is required to elect a new manager to continue the company business after a manager ceases to be a manager due to its withdrawal.

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

The manager is solely responsible for managing the business and affairs of the company, subject to the voting rights of the members on specified matters. The manager acting alone has the power and authority to act for and bind the company. RMC is entitled to one percent (1%) of the profits and losses of the company and to fees and reimbursements of qualifying costs as specified in the Operating Agreement.

The company's primary investment objectives are to:
- yield a favorable rate of return from the company's business of making and/or investing in loans;
- preserve and protect the company's capital by making and/or investing in loans secured by California real estate, preferably income-producing properties geographically situated in the San Francisco Bay Area and the coastal metropolitan regions of Southern California; and
- generate and distribute cash flow from these mortgage lending and investing activities.

Net income (or loss) is allocated among the members according to their respective capital accounts after one percent (1%) of the net income (or loss) is allocated to the manager. The monthly results are subject to subsequent adjustment as a result of quarterly and year-end accounting and reporting.

The company's net income, cash available for distribution, and net-distribution rate fluctuate 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 operating expenses, including expenses for professional services;
- the timing and amount of payments from RMC on the formation loan; and
- fee and/or cost reimbursements waived, if any, from RMC.

Federal and state income taxes are the obligation of the members, other than the annual California franchise tax and the California LLC gross receipts tax. The tax basis in the net assets of the company differs from book basis by the amount of the allowance for credit losses.

The ongoing sources of funds for loans are the proceeds (net of redemption of members' capital and operating expenses) from:
- loan payoffs;
- borrowers' monthly principal and interest payments;
- line of credit advances;
- loan sales to unaffiliated third parties; and
- payments from RMC on the outstanding balance of the formation loan.

The company 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 company may sell mortgage loans (or fractional interests therein) when the manager determines that it appears to be advantageous for the company to do so, based upon then current interest rates, the length of time that the loan has been held by the company, the company's credit risk and concentration risk and the overall investment objectives of the company. 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. Company 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 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 company; however, selling loans will increase members' capital available for investing in new loans for which the manager will earn brokerage fees and other forms of compensation.

The company's business is neither dependent on any one, nor concentrated with a few, major borrowers, investors, or lenders.

Distribution policy/Distribution reinvestment plan (DRIP)

Cash available for distribution at the end of each calendar month is allocated ninety-nine percent (99%) to the members and one percent (1%) to the manager. Cash available for distribution means cash flow from operations (excluding repayments for loan principal and other capital transaction proceeds) less amounts set aside for creation or restoration of reserves. The manager may withhold from cash otherwise distributable to the members with respect to any period the respective amounts of organization and offering expenses ("O&O expenses") allocated to the members' accounts for the applicable period pursuant to the company's reimbursement to RMC and allocation to members' accounts of O&O expenses. The amount otherwise distributable, less the respective amounts of O&O expenses allocated to members, is the net distribution. Pursuant to the terms of the Operating Agreement, cash available for distribution to the members is allocated among the members in proportion to their percentage interests (except with respect to differences in the amounts of O&O expenses allocated to the respective members during the applicable period) and in proportion to the number of days during the applicable month that they owned such percentage interests. (See Note 3 (Manager and Other Related Parties) to the financial statements for a detailed discussion on the allocation of O&O expenses to members' accounts.)

Cash available for distributions allocable to members who have elected to receive distributions is disbursed at the end of each calendar month. The manager's allocable share of cash available for distribution is also distributed not more frequently than cash distributions to members.

The distribution reinvestment plan ("DRIP") provision of the Operating Agreement permitted members to elect to have all or a portion of their monthly distributions reinvested in the purchase of additional units. Cash available for distributions allocable to members who had elected to participate in the DRIP was distributed and reinvested in units at each month end. In July 2024, members who had elected to participate in the DRIP were notified by a letter included with their June 2024 monthly statements that the DRIP was closed. As a result of this plan closure, members that previously did not receive quarterly income distributions because of their enrollment in the DRIP received income distribution checks for the quarter ending June 30, 2024 and will continue to receive quarterly income distributions thereafter.

Liquidity and unit redemption program

There are substantial restrictions on transferability of units, and there is no established public trading and/or secondary market for the units and none is expected to develop. In order to provide liquidity to members, the Operating Agreement includes a unit redemption program, whereby a member may redeem all or part of their units, subject to certain limitations.

The price paid for redeemed units is based on the lesser of the purchase price paid by the redeeming member or the member's capital account balance as of the date of each redemption payment. Redemption value – for other than DRIP units – is calculated based on the period from date of purchase as follows: after one year 92% of the purchase price or of the capital balance, whichever is less; after two years 94%; after three years 96%; after four years 98%; and after five years 100%.

The company redeems units quarterly, subject to certain limitations as provided for in the Operating Agreement. The maximum number of units which may be redeemed per quarter per individual member shall not exceed the greater of (i) 100 thousand units, or

(ii) 25% of the member's total outstanding units. For redemption requests requiring more than one quarter to fully redeem, the percentage discount amount if any, that applies when the redemption payments begin continues to apply throughout the redemption period and applies to all units covered by such redemption request regardless of when the final redemption payment is made.

The company has not established a cash reserve from which to fund redemptions. The company's capacity to redeem units upon request is limited by the availability of cash and the company's cash flow. The manager also has the right, in its sole discretion, at any time, to reject any request for redemption, or to suspend or terminate the acceptance of new redemption requests without prior notice, or to terminate, suspend or amend the unit redemption program upon 30-day notice.

Pursuant to the Operating Agreement, the company will not, in any calendar year, redeem more than five percent (5%) of the weighted average number of units outstanding during the twelve-month period immediately prior to the date of the redemption; however, the manager may, but is not required to, waive this limitation if it deems it in the best interest of the company. In the event unit withdrawal requests exceed 5% in any calendar year, and are held by the company, units will be redeemed in the order of priority provided in the Operating Agreement. The manager may, in its sole discretion, waive any applicable holding periods or penalties in the event of the death of a member or other exigent circumstances or if the manager believes such wavier is in the best interests of the company.

Manager's interest

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

Term of the company

The term of the company will terminate on December 31, 2038 unless: (i) the term is further extended by RMC with the affirmative consent of a majority interest of the members; or (ii) the company is earlier terminated pursuant to the Operating Agreement or by operation of law.

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").

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 a significant level of uncertainty and have had or are reasonably likely to have a material impact on the company's financial condition or results of operations. Such estimates relate principally to the determination of the allowance for credit losses (including the fair value of the collateral), and the valuation of real estate owned ("REO") at acquisition and subsequently (RMI IX has not acquired REO since it commenced operations in 2009). Actual results could differ materially from these estimates.

Fair value estimates

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

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

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

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

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

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

Cash in banks

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

Loans and interest income

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

The company 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 to the principal.

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 company's bank account as collected, which can range from same day for wire transfers and to two weeks after deposit for checks.

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.)

Loans with a payment in arrears (i.e., are non-performing) continue to recognize interest income as long as the loan is in the process of collection with the borrower and the loan balance (i.e., the sum of the unpaid principal, advances and accrued interest) 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 acquisition by foreclosure (or acquisition by deed in lieu of foreclosure) and subsequent sale of the collateral securing the loan (e.g., a notice of sale is filed and/or when a borrower files for bankruptcy) or when the loan balance is no longer considered well-secured (i.e., the LTV for the loan based on the estimated net realizable value of the collateral and the total principal, advances and accrued interest (at the note rate) is at or greater than eighty percent (80%), seventy-five percent (75%) for lands outside of metropolitan areas) and the borrower has payments in arrears. When a loan is placed on non-accrual status, the accrual of interest is discontinued – beginning with the then current month – for accounting purposes only; previously recorded interest is not reversed. A loan may return to accrual status when all delinquent loan payments are cured and the loan becomes current in accordance with the terms of the loan agreement and the loan balance is considered well collateralized.

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

The company funds loans with the intent to hold until maturity. From time to time the company may sell certain loans to unaffiliated third parties. Loans are classified as held-for-sale once a decision has been made to sell loans and the loans to be held-for-sale have been identified. Loans classified as held-for-sale are carried at the lower of amortized cost or fair value.

Allowance for credit losses

Loan balances are analyzed on a periodic basis for ultimate recoverability. In conjunction therewith, collateral fair values are re-assessed periodically and the protective equity for each loan is determined. As used herein, “protective equity” is the dollar amount by which the net realizable value (i.e., fair value less the cost to sell) of the collateral, net of any senior liens, exceeds the loan balance.

The allowance for credit losses is recognized based on current expected credit losses (CECL) at the time a loan is originated or acquired. No loss is expected at origination, given the substantial protective equity (i.e., the low LTVs), the predominance of first lien loans and the short duration of the loans.

The determination of the probability-of-loss for defaulted loans (and thereby the determination of the amount of the allowance for expected forward period credit losses) considers 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 and – to a lesser extent - historical loss experience. The forward-looking estimates consider the likelihood that any combination of events would adversely impact economic conditions and real estate markets in California such that the substantial protective equity existing for the loans would no longer be sufficient to collect the recorded amounts of principal, advances and accrued interest due on the loan.

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 (the loan balance, net of foregone interest for loans in non-accrual status) is reduced to the lower of the loan balance or the net realizable value of the related collateral, net of any senior liens.

The allowance for credit losses is adjusted each period for changes in expected lifetime credit losses for loans and accrued interest.

Expected credit losses are determined on a collective (pool) basis when similar risk characteristic(s) exist. Loans that do not share risk characteristics with other loans are evaluated for expected credit losses on an individual basis. When determining risk characteristics to include in its pooling assessment, the following are most determinant.

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

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

- Geographical location: The company’s loans are secured by real estate in coastal California metropolitan areas, typically in the Bay Area (including Silicon Valley) but also elsewhere in northern and southern California.

The probability-of-default/loss given default is most determinant for the company given the low LTVs at origination, the predominance of first lien loans and the relatively short duration of the loans. When a reporting entity, such as the company uses a measurement technique other than a discounted cash flow (DCF) approach, the allowance ought to reflect the expected credit losses of the amortized cost basis. Therefore, non-DCF methods ought to incorporate the impact of accrued interest (but not future interest /payments that have not yet been accrued) and advances, if any, into the estimate of expected credit losses. No prepayment assumption is factored into the estimate of credit losses as it is not a significant determinant of the amount of reserve.

Given the limited number of loans and the short terms for which the loans are written (and the potentially even shorter duration given that the loans are written without a prepayment penalty), at each reporting date the company performs a risk analysis as to real estate market conditions in the California areas in which loan collateral is located and performs a loan-by-loan analysis to determine the current fair value of the real property collateral and the remaining time to maturity. The results are accumulated and the LTVs in forward periods are forecasted – by lien position – for those loans expected (on a contractual maturity basis) to be then outstanding. No expected extensions, renewals, or modifications are factored in as the company's loans do not contain renewal options that can be unconditionally exercised by the borrowers. This methodology/analysis determines if there is any future period in the lifetime of the loan in which a real estate market decline in values is expected to occur that would be sufficient to put at risk the full collection of amounts owed, including accrued interest and advances, if any secured by the deeds of trust. In arriving at the determination, the manager consulted a range of banking/industry and academic studies and forecasts.

If foreclosure (or negotiation of a deed in lieu of foreclosure) is concluded to be probable, the loan is considered to be collateral-dependent and the company uses the practical expedient to reduce its recorded investment in the loan to the net realizable value of the real estate and other assets to be acquired, net of the liabilities to be assumed. The determination of whether a loan is determined to be collateral-dependent requires judgment and considers both the current LTV and the financial condition of the borrower, which is monitored by the manager.

Real estate owned ("REO")

Real estate owned, or 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, as are other assets acquired and liabilities assumed (or any senior debt the property is taken subject to). 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 operations expenses. Any recovery in the fair value subsequent to such a write down is recorded and is not to exceed the value recorded at acquisition. Recognition of gains or losses on the sale of real estate is dependent upon the transaction meeting certain criteria related to the nature of the property and the terms of the sale including potential seller financing.

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 as interest expense over the term of the line of credit.

Recent accounting pronouncements not yet adopted

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"), which requires enhanced disclosures about significant segment expenses and other segment items and requires public entities to disclose all annual disclosures about segments in interim periods. The new standard also permits entities to disclose more than one measure of segment profit or loss, requires disclosure of the title and position of the Chief Operating Decision Maker, and requires entities with a single reportable segment to provide all disclosures required by Topic 280. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted, and entities are required to apply the ASU retrospectively to all periods presented. The company is currently evaluating the impact, if any, that the adoption of this standard will have on its financial statements and related disclosures.

NOTE 3 – MANAGER AND OTHER RELATED PARTIES

The Operating Agreement provides for compensation to the manager and for the reimbursement of qualifying costs as detailed below. RMC is entitled to 1% of the net income or loss of the company. RMC – at its sole discretion – collected less than the maximum allowable reimbursement of qualifying costs attributable to RMI IX (Costs from RMC on the Statements of Income), which increased the net income, cash available for distribution, and the net-distribution rate. The cost-reimbursement waivers in the three and six months ended June 30, 2024 and 2023, by RMC were not made for the purpose of providing RMI IX with sufficient funds to satisfy any required level of distributions, as the Operating Agreement has no such required level of distributions, nor to meet withdrawal requests.

Mortgage servicing fees

The manager is entitled to receive a servicing fee of up to one-quarter of one percent (0.25%) annually of secured loan principal. 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 securing the loan has been acquired by the company.

Asset Management Fees

The manager is entitled to receive a monthly asset management fee for managing RMI IX's assets, liabilities, and operations in an amount up to three-quarters of one percent (0.75%) annually of the portion of the capital originally committed to investment in mortgages, not including leverage, and including up to two percent (2%) of working capital reserves.

Costs from RMC

The manager is entitled to request reimbursement for operations expense incurred on behalf of RMI IX, 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 IX pro-rata based on the percentage of RMI IX's members' 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 IX; 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's members' capital to total capital of the related mortgage funds managed by RMC.

The amount of qualifying costs attributable to RMI IX incurred by RMC was approximately $115 thousand and $206 thousand in the three months ended June 30, 2024 and 2023, respectively, and $271 thousand and $418 thousand in the six months ended June 30, 2024 and 2023, respectively. The reimbursement of costs waived by RMC was approximately $43 thousand and $118 thousand in the three months ended June 30, 2024 and 2023, respectively, and $109 thousand and $249 thousand in the six months ended June 30, 2024 and 2023, respectively.

Loan administrative fees

The manager is entitled to receive a loan administrative fee of up to one percent (1%) of the principal amount of each new loan funded or acquired for services rendered in connection with the selection and underwriting of loans payable upon the closing or acquisition of each loan. Since August 2015, RMC, at its sole discretion, has waived loan administrative fees on new originations. The total amount of loan administrative fees waived was approximately $269 thousand and $118 thousand in the three months ended June 30, 2024 and 2023, respectively, and $352 thousand and $180 thousand in the six months ended June 30, 2024 and 2023, respectively.

Formation loan

Commissions for unit sales to new members paid to broker-dealers ("B/D sales commissions") and premiums paid to certain investors upon the purchase of units were paid by RMC and were not paid directly by RMI IX out of unit-sales proceeds. Instead, RMI IX advanced to RMC amounts sufficient to pay the B/D sales commissions and premiums to be paid to investors. Such advances in total were not to exceed seven percent (7%) of offering proceeds, and when offerings of units to new members ended on April 30, 2019 totaled $5.6 million. The receivable arising from the advances is unsecured and non-interest bearing and is referred to as the "formation loan".

Formation loan transactions for the six months ended June 30 are presented in the following table ($ in thousands).

	2024	2023
Balance, January 1	$ 2,902	$ 3,110
Payments received from RMC	(104)	(104)
Balance, June 30	$ 2,798	$ 3,006

The formation loan is being repaid in annual installments of approximately $208 thousand to coincide with the term of the company. The installments may be paid by RMC either in full on December 31st of each calendar year during the term of the company or in four equal quarterly installments. The primary source of repayment of the formation loan are the loan brokerage commissions earned by RMC. The formation loan is forgiven if the manager is removed and RMC is no longer receiving payments for services rendered. As such, the formation loan is presented as contra equity.

Redemptions of members' capital

Redemptions of members' capital for the three and six months ended June 30 are presented in the following table ($ in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
Redemptions	**2024**	**2023**	**2024**	**2023**
Without penalty	$ 864	$ 920	$ 1,746	$ 1,929
With penalty	1	3	1	22
Total	$ 865	$ 923	$ 1,747	$ 1,951
Early withdrawal penalties	$ —	$ —	$ —	$ 1

Pursuant to the Operating Agreement, unless waived by the manager, the company will not redeem in any calendar year more than five percent (5.0%) and in any calendar quarter one and one-quarter percent (1.25%) of the weighted average number of units outstanding in the twelve (12) month period immediately prior to the date of redemption. The manager has no present intention to exercise its discretionary power to waive or modify the enforcement of the redemption limitation in the foreseeable future.

Redemptions of members' capital received by the manager and unpaid at June 30, 2024 approximated $17.6 million, of which,
- $14.1 million were received at or prior to March 31, 2023; and
- $3.5 million were received in the quarter ended June 30, 2024 (and will be eligible at September 30, 2024).

Eligible redemption requests are to be honored in the following order of priority:
- first, to redemptions upon the death of a member, subject to a cap of $100 thousand per quarter for each deceased member's account; and
- next, to all other eligible redemption requests on a pro rata basis.

Organization and offering expenses

The manager is required to be reimbursed for O&O expenses incurred in connection with the organization of the company and the offering of the units of membership interest including, without limitation, attorneys' fees, accounting fees, printing costs and other selling expenses (other than sales commissions) in a total amount not exceeding 4.5% of the original purchase price of all units (other than DRIP units) sold in all offerings (hereafter, the "maximum O&O expenses"). RMC paid the O&O expenses in excess of the maximum O&O expenses.

The O&O expenses incurred by RMI IX are allocated to the members as follows – for each of forty (40) calendar quarters or portion thereof after December 31, 2015 that a member holds units (other than DRIP units), the O&O expenses incurred by RMI IX are allocated to and debited from that member's capital account in an annual amount equal to 0.45% of the member's original purchase price for those units, in equal quarterly installments of 0.1125% each commencing with the later of the first calendar quarter of 2016 or the first full calendar quarter after a member's purchase of units, and continuing through 40 calendar quarters or the quarter in which such units are redeemed.

Unallocated O&O transactions for the six months ended June 30 are summarized in the following table ($ in thousands).

	2024	2023
Balance, January 1	$ 742	$ 1,045
O&O expenses allocated	(121)	(130)
O&O expenses paid by RMC(1)	(18)	(28)
Balance, June 30	$ 603	$ 887

(1) RMC is obligated per the Operating Agreement to repay RMI IX for the amount of unallocated O&O expenses attributed to a member's capital account if the member redeems prior to the 40 quarterly allocations. RMC estimated its future obligation to repay unallocated O&O expenses on scheduled redemptions as of June 30, 2024, to be approximately $8 thousand.

Other related party transactions

- *Payable to/receivable from related parties*

From time to time, in the normal course of business operations, the company may have payables to and/or receivables from related parties. At June 30, 2024, the payable to related parties balance of approximately $107 thousand consisted of accounts payable of approximately $35 thousand to the manager, $4 thousand to a related mortgage fund and $68 thousand related to member redemptions.

At December 31, 2023, the payable to related party balance of approximately $90 thousand consisted of accounts payable of approximately $57 thousand to the manager and $18 thousand to a related mortgage fund. Also included was member redemptions of approximately $15 thousand.

- *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 value, which approximates market value.

In the six months ended June 30, 2023, related mortgage funds transferred to RMI IX three loans with aggregate principal of approximately $3.4 million in-full at par value, which approximates fair value. RMI IX paid cash for the loans and the related mortgage fund has no continuing obligation or involvement with the loans. No loans were transferred from related mortgage funds in the six months ended June 30, 2024.

In the six months ended June 30, 2023, RMI IX transferred to a related mortgage fund two loans with aggregate principal of approximately $857 thousand in-full at par value, which approximates fair value. The related mortgage funds paid cash for the loans and RMI IX has no continuing obligation or involvement with the loans. No loans were transferred to related mortgage funds in the six months ended June 30, 2024.

- *Promissory notes with related parties*

In June 2023, RMI IX lent $3.3 million to a related mortgage fund secured by the net cash flow payable on three mortgage loans totaling approximately $7.5 million, which had contractual maturities before October 1, 2023. The promissory note receivable from the related mortgage fund was secured by all proceeds payable to the related mortgage fund upon the payoff or repayment of the pledged mortgage loans, net of any amounts outstanding on a line of credit secured by the pledged mortgage loans. The note balance, including interest, was paid in full in February 2024.

In May 2024, RMI IX borrowed a total of $940 thousand from related mortgage funds and the manager pursuant to a series of secured promissory notes issued by RMI IX to the applicable affiliates (the "May Notes"). Each of the May Notes were secured by the applicable affiliate's pro rata share (based upon relative principal advanced) of all proceeds payable to RMI IX under a single mortgage loan in the principal amount of $9.1 million with a contractual maturity date of June 1, 2027. The maturity dates for each of the May Notes was July 15, 2024. All obligations of RMI IX under the May Notes were satisfied in full on May 31, 2024.

In June 2024, RMI IX borrowed a total of $2.5 million from related mortgage funds pursuant to two unsecured promissory notes issued by RMI IX to the applicable affiliates (the "June Notes"). The loans evidenced by the June Notes were unsecured obligations of RMI IX with a contractual maturity date of August 12, 2024. $1.2 million was repaid in June 2024. $1.3 million of unsecured borrowings were outstanding as of June 30, 2024. An additional $500 thousand was paid off on July 12, 2024.

NOTE 4 – LOANS

Loans generally are funded at a fixed interest rate with a loan term of up to five years. Loans acquired between related mortgage funds are generally done so within the first six months of origination and are purchased at par value, which approximates fair value. See Note 3 (Manager and Other Related Parties) for a description of loans transferred by executed assignments between the related mortgage funds.

The company's loans are secured by real estate in coastal California metropolitan areas. The portfolio segments are first and second trust deeds mortgages and the key credit quality indicator is the LTV. First mortgages are predominant, but second lien deeds of trust are not infrequent nor insignificant. First-mortgage loans comprised 86% of the portfolio at June 30, 2024 (83% at December 31, 2023).

Secured loans unpaid principal balance (principal)

Secured loan transactions for the three and six months ended June 30, 2024 are summarized in the following table ($ in thousands).

	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Total	First Trust Deeds	Second Trust Deeds	Total	First Trust Deeds	Second Trust Deeds
Principal, beginning of period(1)	$ 61,018	$ 50,106	$ 10,912	$ 62,916	$ 52,263	$ 10,653
Loans funded	26,906	26,463	443	35,194	33,906	1,288
Principal collected	(9,154)	(7,946)	(1,208)	(19,340)	(17,546)	(1,794)
Loans sold to non-affiliate	(4,018)	(4,018)	—	(4,018)	(4,018)	—
Principal, end of period	$ 74,752	$ 64,605	$ 10,147	$ 74,752	$ 64,605	$ 10,147

(1) Includes principal collected and held in trust at June 30, 2024 of approximately $3 thousand, offset by principal collected and held in trust at December 31, 2023 of approximately $3 thousand which was disbursed to the company in January 2024.

During the three and six months ended June 30, 2024, the company renewed three and six maturing (or matured) loans with aggregate principal of approximately $6.4 million and $17.7 million, respectively, which are not included in the activity shown in the table above. The loans have an average extension period of approximately three and eight months, respectively, and were current and deemed well collateralized (i.e., the current LTV for the collateral was within lending guidelines as discussed in Note 2 to these financial statements). Interest rates charged to borrowers may be adjusted in conjunction with the loan extensions to reflect current market conditions (in the six months ended June 30, 2024, two extensions included a rate increase).

In the three and six months ended June 30, 2024, four loans with principal of approximately $4.0 million were sold to an unaffiliated third party. The company recognized a gain of approximately $24 thousand, net of a commission.

As of June 30, 2024, 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).

	June 30, 2024	December 31, 2023
Number of secured loans	46	47
First trust deeds	33	34
Second trust deeds	13	13
Secured loans – principal	$ 74,752	$ 62,916
First trust deeds	$ 64,605	$ 52,263
Second trust deeds	$ 10,147	$ 10,653
Secured loans – lowest interest rate (fixed)	7.3%	7.3%
Secured loans – highest interest rate (fixed)	12.9%	11.8%
Average secured loan – principal	$ 1,625	$ 1,339
Average principal as percent of total principal	2.2%	2.1%
Average principal as percent of members' and manager's capital, net	2.4%	2.0%
Average principal as percent of total assets	2.1%	2.0%
Largest secured loan – principal	$ 9,100	$ 6,200
Largest principal as percent of total principal	12.2%	9.9%
Largest principal as percent of members' and manager's capital, net	13.6%	9.1%
Largest principal as percent of total assets	12.0%	9.1%
Smallest secured loan – principal	$ 100	$ 185
Smallest principal as percent of total principal	0.1%	0.3%
Smallest principal as percent of members' and manager's capital, net	0.1%	0.3%
Smallest principal as percent of total assets	0.1%	0.3%
Number of California counties where security is located	14	16
Largest percentage of principal in one California county	19.1%	21.7%
Number of secured loans with prepaid interest	1	2
Prepaid interest	$ 141	$ 107

As of June 30, 2024, 27 loans with principal of approximately $52.7 million provide for monthly payments of interest only, with the principal due at maturity, and 19 loans with principal of approximately $22.1 million (representing 30% of the aggregate principal of the company'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 June 30, 2024, RMI IX's largest loan with principal of $9.1 million, has an LTV at origination (OLTV) of 70%, and is in first lien position. The loan is secured by a condo property located in Los Angeles County, with an interest rate of 10.50% and is scheduled to mature on June 1, 2027.

As of June 30, 2024, there were 13 loans in second lien position. The aggregate principal of these loans is approximately $10.1 million and the weighted average OLTV is 56%. All but two loans in second lien position were performing as of June 30, 2024. One delinquent loan has principal outstanding of $760 thousand (OLTV 70%), is secured by an industrial property located in Santa Clara county, bears an interest rate of 8.88%, and matured on August 1, 2023. The borrower included this note/debt in a bankruptcy estate in December 2023 (notification received in March 2024) and continues to make monthly payments. The other delinquent loan has principal outstanding of $1.6 million (OLTV 45%), is secured by an industrial property located in Orange county, bears an interest rate of 11.00% and matured on April 1, 2024.

Lien position/OLTV

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

	June 30, 2024			December 31, 2023		
	Loans	Principal	Percent	Loans	Principal	Percent
First trust deeds[2]	33	$ 64,605	86%	34	$ 52,263	83%
Second trust deeds	13	10,147	14	13	10,653	17
Total principal, secured loans	46	74,752	100%	47	62,916	100%
Liens due other lenders at loan closing		31,055			26,644	
Total debt		$ 105,807			$ 89,560	
Appraised property value at loan closing		$ 191,726			$ 177,310	
OLTV (weighted average)		59.1%			54.6%	

(2) One loan with principal of approximately $2.0 million has an LTV of 108%. The loan agreement was executed by an individual with substantial real estate holdings, experience and financial resources. The loan is performing (and has been over its time outstanding) and is scheduled to mature July 1, 2024 (extended from May 1, 2024).

At the time a loan is funded, the LTV is such that the protective equity in the collateral securing the loan is sufficient to preclude any expected credit losses – principal unless there is a forward period adverse event that is uninsured and/or there are market conditions so adverse (and are other-than-temporary) that the protective equity is reduced to an amount not sufficient to recover the principal owed. Such an adverse event/condition is deemed improbable of occurrence in the relatively short duration the secured loans are outstanding.

Secured loans, principal by OLTV and lien position at June 30, 2024 are presented in the following table ($ in thousands).

	Secured loans, principal							
OLTV[3]	First trust deeds	Percent	Count	Second trust deeds	Percent	Count	Total principal	Percent
<40%	$ 9,131	12.2%	8	$ 1,031	1.4%	2	$ 10,162	13.6%
40-49%	10,996	14.7	4	3,500	4.7	2	14,496	19.4
50-59%	6,708	9.0	3	345	0.4	1	7,053	9.4
60-69%	19,001	25.4	14	2,306	3.1	3	21,307	28.5
Subtotal <70%	45,836	61.3	29	7,182	9.6	8	53,018	70.9
70-79%	16,769	22.4	3	2,965	4.0	5	19,734	26.4
Subtotal <80%	62,605	83.7	32	10,147	13.6	13	72,752	97.3
≥80%	2,000	2.7	1	—	0.0	—	2,000	2.7
Total	$ 64,605	86.4%	33	$ 10,147	13.6%	13	$ 74,752	100.0%

(3) LTV classifications in the table above are based on principal, advances and interest unpaid at June 30, 2024.

Property type

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

	June 30, 2024			December 31, 2023		
	Loans	Principal	Percent	Loans	Principal	Percent
Single family[4]	20	$ 25,694	34%	21	$ 21,786	35%
Commercial						
Office	3	5,725	7	3	5,725	9
Retail	4	4,917	7	6	9,948	15
Industrial	8	13,352	18	8	13,353	22
Commercial – Other	5	15,971	22	3	2,377	4
Commercial Total	20	39,965	54	20	31,403	50
Multi-family	6	9,093	12	5	8,227	13
Land	—	—	—	1	1,500	2
Total principal, secured loans	46	$ 74,752	100%	47	$ 62,916	100%

(4) Single family includes 1-4 unit residential buildings, condominium units, townhouses and condominium complexes. At June 30, 2024, single family consists of six loans with aggregate principal of approximately $3.8 million that are owner occupied and 14 loans with principal of approximately $21.8 million that are non-owner occupied. At December 31, 2023, single family consisted of six loans with aggregate principal of approximately $3.3 million that are owner occupied and 15 loans with principal of approximately $18.5 million that are non-owner occupied.

Distribution of secured loans - principal by California counties

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

	June 30, 2024		December 31, 2023	
	Principal	Percent	Principal	Percent
San Francisco Bay Area[5]				
San Francisco	$ 14,269	19.1%	$ 13,662	21.7%
San Mateo	13,121	17.6	4,832	7.7
Santa Clara	9,082	12.1	10,143	16.1
Alameda	5,884	7.9	3,925	6.2
Contra Costa	900	1.2	—	0.0
Napa	637	0.9	640	1.0
Solano	185	0.3	185	0.3
Marin	400	0.5	400	0.7
	44,478	59.6	33,787	53.7
Other Northern California				
Placer	—	0.0	1,967	3.1
San Joaquin	750	1.0	750	1.2
Butte	1,203	1.6	1,203	1.9
Sacramento	—	0.0	551	0.9
	1,953	2.6	4,471	7.1
Northern California Total	46,431	62.2	38,258	60.8
Southern California Coastal				
Los Angeles	11,534	15.4	4,058	6.5
Orange	7,494	10.0	7,177	11.4
San Diego	7,393	9.9	8,325	13.2
	26,421	35.3	19,560	31.1
Other Southern California – Riverside				
Riverside	1,900	2.5	1,900	3.0
Ventura	—	0.0	3,198	5.1
	1,900	2.5	5,098	8.1
Southern California Total	28,321	37.8	24,658	39.2
Total principal, secured loans	$ 74,752	100.0%	$ 62,916	100.0%

(5) Includes Silicon Valley

Scheduled maturities/Secured loans - principal

Secured loans scheduled to mature in periods as of and after June 30, 2024 , are presented in the following table ($ in thousands).

	First Trust Deeds		Second Trust Deeds		Total		
	Loans	Principal	Loans	Principal	Loans	Principal	Percent
2024	9	$14,163	2	$ 1,867	11	$ 16,030	21%
2025	11	23,949	5	4,651	16	28,600	38
2026	3	1,085	3	788	6	1,873	3
2027	3	10,415	—	—	3	10,415	14
Thereafter	5	6,469	1	481	6	6,950	9
Total scheduled maturities	31	56,081	11	7,787	42	63,868	85
Matured[6]	2	8,524	2	2,360	4	10,884	15
Total principal, secured loans	33	$64,605	13	$10,147	46	$ 74,752	100%

(6) 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, if any. As a result, matured loans at June 30, 2024, for the scheduled maturities table above may differ from the same captions in the tables of delinquencies and payment in arrears presented below that do not consider forbearance agreements. For matured loans, the company may continue to accept payments while pursuing collection of principal or while negotiating an extension of the maturity date. Loans are written without a prepayment penalty causing an uncertainty/a lack of predictability as to the expected duration versus the scheduled maturity.

Delinquency/Secured loans

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

	June 30, 2024		December 31, 2023	
	Loans	Principal	Loans	Principal
Current	39	$ 61,305	39	$ 50,861
Past Due				
30-89 days	3	5,157	2	1,165
90-179 days	1	1,600	3	7,483
180 or more days	3	6,690	3	3,407
Total past due	7	13,447	8	12,055
Total principal, secured loans	46	$ 74,752	47	$ 62,916

At June 30, 2024 and December 31, 2023, there was one loan with a forbearance agreement in effect with principal of $990 thousand, included in the table above as 180 or more days delinquent. Five loans past due at June 30, 2024, were in first lien position and had principal payments in arrears of approximately $8.5 million. Two loans past due at June 30, 2024, were in second lien position and had principal payments in arrears of approximately $2.4 million.

Delinquency/Secured loans with payments in arrears

Secured loans with payments in arrears (seven loans), principal by OLTV and lien position at June 30, 2024 are presented in the following table ($ in thousands).

	Secured loans with payments in arrears, principal					
OLTV(7)	First trust deeds	Percent(8)	Second trust deeds	Percent(8)	Total principal	Percent(8)
<40%	$ —	0.0%	$ —	0.0%	$ —	0.0%
40-49%	4,196	5.6	1,600	2.1	5,796	7.7
50-59%	—	0.0	—	0.0	—	0.0
60-69%	6,891	9.2	760	1.0	7,651	10.2
Subtotal <70%	11,087	14.8	2,360	3.1	13,447	17.9
70-79%	—	0.0	—	0	—	0.0
Subtotal <80%	11,087	14.8	2,360	3.1	13,447	17.9
≥80%	—	0.0	—	0.0	—	0.0
Total	$ 11,087	14.8%	$ 2,360	3.1%	$ 13,447	17.9%

(7) LTV classifications in the table above are based on principal, advances and interest unpaid at June 30, 2024.
(8) Percent of total principal, secured loans ($74.8 million) at June 30, 2024.

Payments in arrears for secured loans at June 30, 2024 are presented in the following tables ($ in thousands).

At June 30, 2024	Loans: Past maturity	Loans: Monthly payments	Principal: Past maturity	Principal: Monthly payments	Interest[9]: Past maturity	Interest[9]: Monthly payments	Total payments in arrears
Past due							
30-89 days (1-3 payments)	1	2	$ 3,584	$ 1	$ —	$ 12	$ 3,597
90-179 days (4-6 payments)	1	—	1,600	—	30	—	1,630
180 or more days (more than 6 payments)	2	1	5,700	—	287	61	6,048
Total past due	4	3	$ 10,884	$ 1	$ 317	$ 73	$ 11,275

(9) June 2024 interest is due July 1, 2024 and is not included in the payments in arrears at June 30, 2024.

Matured loans, principal by OLTV and lien position at June 30, 2024 are presented in the following table ($ in thousands).

	Secured loans past maturity, principal					
OLTV[10]	First trust deeds	Percent[11]	Second trust deeds	Percent[11]	Total principal	Percent[11]
<40%	$ —	0.0%	$ —	0.0%	$ —	0.0%
40-49%	3,584	4.8	1,600	2.1	5,184	6.9
50-59%	—	0.0	—	0.0	—	0.0
60-69%	4,940	6.6	760	1.0	5,700	7.6
Subtotal <70%	8,524	11.4	2,360	3.1	10,884	14.5
70-79%	—	0.0	—	0.0	—	0.0
Subtotal <80%	8,524	11.4	2,360	3.1	10,884	14.5
≥80%	—	0.0	—	0.0	—	0.0
Total	$ 8,524	11.4%	$ 2,360	3.1%	$ 10,884	14.5%

(10) LTV classifications in the table above are based on principal, advances and interest unpaid at June 30, 2024.
(11) Percent of total principal of secured loans (totaling $74.8 million) at June 30, 2024.

Non-accrual status/Secured loans

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

	June 30, 2024	December 31, 2023
Number of loans	2	none
Principal	$ 1,750	
Advances	4	
Accrued interest[12]	43	
Total recorded investment	$ 1,797	
Foregone interest	$ 25	

(12) 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 received while in non-accrual status.

Provision/allowance for credit losses

Activity in the allowance for credit losses for the six months ended June 30 are presented in the following table ($ in thousands).

	2024			2023		
	Principal and Advances	Interest	Total	Principal and Advances	Interest	Total
Balance, December 31	$ 60	$ 60	$ 120	$ 30	$ 25	$ 55
Adoption of ASC 326 (CECL)	—	—	—	30	35	65
Balance, January 1	60	60	120	60	60	120
Provision for (Recovery of) loan losses	—	—	—	—	—	—
Charge-offs	—	—	—	—	—	—
Balance, June 30	$ 60	$ 60	$ 120	$ 60	$ 60	$ 120

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.

Secured loans count, principal and weighted average OLTV at June 30, 2024 and the projected year-end count, principal and weighted average OLTV based on contractual maturities (by lien position) are presented in the following table ($ in thousands). This does not include any forward period extensions, renewals or modifications that the company may undertake at its discretion, which could extend the contractual maturities into future years.

				First Trust Deeds			Second Trust Deeds		
	Loans	Principal	OLTV	Loans	Principal	OLTV	Loans	Principal	OLTV
June 30, 2024	46	$ 74,752	59.1%	33	$ 64,605	59.7%	13	$ 10,147	55.8%
December 31,									
2024	31	47,838	58.9	22	41,918	59.7	9	5,920	53.2
2025	15	19,238	60.0	11	17,969	61.0	4	1,269	46.8
2026	9	17,365	61.9	8	16,884	62.9	1	481	24.8
2027	6	6,950	50.5	5	6,469	52.5	1	481	24.8
2028	5	6,339	51.2	4	5,858	53.4	1	481	24.8
2033	2	692	28.2	1	211	35.8	1	481	24.8
2035	1	481	24.8	—	—	0.0	1	481	24.8
2039	—	—	0.0	—	—	0.0	—	—	0.0

As indicated by the table 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 expected 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.

Fair Value

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

Secured loans/performing

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

- Terms to maturity are typically one to five years at origination and are shorter than commercial real estate loans by conventional/ institutional lenders and conventional single-family home mortgage lenders;
- Loans are written without a prepayment penalty causing uncertainty/a lack of predictability as to the expected duration; and
- Interest rates are at a premium to rates charged by conventional lenders.

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

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

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

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

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

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

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

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

Commercial land - Commercial land has many variations/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 5 – LINE OF CREDIT

Activity involving the line of credit during the six months ended June 30 is presented in the following table ($ in thousands).

	2024	2023
Balance, January 1,	$ 2,153	$ 9,900
Draws	23,250	—
Repayments	(15,403)	(2,409)
Balance, June 30,	$ 10,000	$ 7,491
Line of credit – average daily balance	$ 4,159	$ 8,898

In March 2020, RMI IX entered into a revolving line of credit and term loan agreement with Western Alliance Bank ("WAB") which is governed by the terms of the Business Loan Agreement between WAB and the company ("original credit agreement"), as amended and modified by the First Loan Modification Agreement made effective March 4, 2022 (the "2022 modification agreement" and together with the original credit agreement, the "2022 credit agreement"). Effective March 13, 2024, with the maturity of the 2022 credit agreement, WAB and the company entered into another extension and modification agreement (the "2024 modification agreement" and together with the original credit agreement, "the 2024 credit agreement"). Advances on the line of credit are to be used exclusively to fund secured loans.

Under the terms of the 2024 credit agreement, RMI IX can borrow up to a maximum principal of $10 million pursuant to a line of credit subject to a borrowing base calculation set forth in the 2024 credit agreement and the amounts advanced are secured by a first priority security interest in the notes and deeds of trust of the pledged loans in the borrowing base. The maturity date of the 2024 credit agreement is March 13, 2026, when all amounts outstanding are then due. For a fee of one-quarter of one percent (0.25%), RMI IX has the option prior to maturity date to convert the then outstanding principal balance under the 2024 credit agreement to a two-year term loan maturing in March 2028.

Interest on the outstanding principal is payable monthly and accrues at the annual rate that is the greater of: (i) with the one-month Term SOFR Reference Rate (‘Term SOFR’) plus three and one-half percent (3.5%) and (ii) six percent (6.0%).

The 2024 modification agreement replaced the 30-day American Interbank Offered Rate Term-30 Index published for loans in United States Dollars by the American Financial Exchange with the Term SOFR which is published for loans in United States dollars by CME Group Benchmark Administration Limited and is obtained from Bloomberg Financial Services Systems with the code TSFR1M or, if no longer available, any similar or successor publication selected by WAB.

The 2024 credit agreement provides for customary financial and borrowing base reporting by the company to the bank and specifies that the company 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 bank’s guidance, less loan loss allowances, divided by total principal of the company’s loans. The 2024 credit agreement provides that in the event the credit payment delinquency rate exceeds 10.0% as of the end of any quarter, the bank will cease to make any further advances until the company is compliant with the covenant but agrees not to accelerate repayment of the loan.

If the company 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 June 30, 2024, the interest rate was eight eighty three one-hundredths percent (8.83%).

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.

The fair value of the balance on the line of credit is deemed to approximate the recorded amount as the interest rate and the other terms and conditions, including the two-year term, of the 2024 credit agreements is reflective of market rate terms (Level 2 inputs).

The debt issuance costs of approximately $66 thousand from the 2024 modification agreement are being amortized on a straight line basis over the two-year term. Amortized debt issuance costs included in interest expense approximated $8 thousand and $7 thousand for the three months ended June 30, 2024 and 2023, respectively, and $15 thousand for the six months ended June 30, 2024 and 2023.

NOTE 6 – COMMITMENTS AND CONTINGENCIES, OTHER THAN LOAN COMMITMENTS

Commitments

Note 3 (Manager and Other Related Parties) presents a detailed discussion of the company’s contractual obligations to RMC and scheduled redemptions of members’ capital at June 30, 2024.

Legal proceedings

As of June 30, 2024, the company was not involved in any legal proceedings or governmental proceedings other than those that would be considered part of the normal course of business as discussed below and no such legal proceedings were terminated during the first quarter of 2024.

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

NOTE 7 – SUBSEQUENT EVENTS

The manager evaluated events subsequent to June 30, 2024 and determined that there were no events or transactions other than those discussed in the notes above regarding closure of the DRIP from July 2024. See Note 1 (Organization and General) for a description of the closure of the DRIP.

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 company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (or SEC). The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the operations results to be expected for the full year.

Forward-Looking Statements

Certain statements in this Report on Form 10-Q ("this report") 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 company'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 company and its assets; estimates as to the allowance for loan losses; forecasts of future sales and redemptions of units, forecasts of future funding of loans; loan payoffs and the possibility of future loan sales (and the gain thereon, net of expenses) to third parties, if any; future fluctuations in the net distribution rate; and beliefs relating to how the company will be affected by current economic conditions and trends in the financial and credit markets. Actual results may be materially different from what is projected by such forward-looking statements 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, or changes in California real estate markets;
- the impact of competition and competitive pricing for mortgage loans;
- the manager's 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 and 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;
- the timing and dollar amount of the decreasing financial support from the manager and the corresponding impact on the net distribution rate to members;
- 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 IX, LLC ("we", "RMI IX" or "the company") is a Delaware limited liability company formed in October 2008 to engage in business as a mortgage lender and investor by making and holding-for-investment mortgage loans secured by California real estate, primarily through first and second deeds of trust. The company is externally managed by Redwood Mortgage Corp. ("RMC" or "the manager"). See Note 3 (Manager and Other Related Parties) to the financial statements included in Part I, Item 1 of this report for a detailed presentation of the company'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 members and unit redemptions. The cash flow, if any, in excess of these uses and advances on the line of credit is reinvested in new loans.

Pursuant to the Operating Agreement, the company will not, in any calendar year, redeem more than five percent (5%) (or in any calendar quarter 1.25%) of the weighted average number of units outstanding during the twelve-month period immediately prior to the date of the redemption; however, the manager may, but is not required to, waive this limitation if it deems it in the best interest of the company. In the event unit withdrawal requests exceed 5% in any calendar year (or 1.25% in any calendar quarter), and are held by the company, units will be redeemed in the order of priority provided in the Operating Agreement. The manager may, in its sole discretion, also waive any other holding periods or penalties applicable to redemptions in the event of the death of a member or other exigent circumstances or if the manager believes such wavier is in the best interests of the company.

The manager has no present intention to exercise its discretionary power to waive or modify the enforcement of the redemption limitation in the foreseeable future. See Results of Operations, Redemptions of members' capital included below for a detailed presentation on capital redemption limitations.

See Note 1 (Organization and General) to the financial statements included in Part I, Item 1 of this report for additional detail on the organization and operations of RMI IX which detail is incorporated by this reference into this Item 2.

Critical Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions about the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Such estimates relate principally to the determination of the allowance for credit losses, including determining the fair value of the collateral, and the valuation of real estate owned (RMI IX has not acquired real estate owned ("REO") since it commenced operations in 2009). Actual results could differ significantly from these estimates.

Accounting estimates are an integral part of our financial statements. For a summary of our critical accounting estimates, see "Critical Accounting Estimates" 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, 2023 (the "2023 annual report on Form 10-K") .

There have been no material changes to our critical accounting estimates since our 2023 annual report on Form 10-K.

Results of Operations

The following discussion describes our results of operations for the three and six months ended June 30, 2024.

Key Performance Indicators

Key performance indicators as of and for the six months ended June 30 are presented in the following tables ($ in thousands).

	2024	2023
Members' capital, gross – end of period balance	$ 67,485	$ 70,601
Members' capital, gross – average daily balance	$ 68,831	$ 71,673
Member redemptions[1]	$ 1,747	$ 1,951
Secured loans principal – end of period balance	$ 74,752	$ 69,976
Secured loans principal – average daily balance	$ 65,592	$ 73,289
Number of first trust deeds	33	35
Principal – first trust deeds	$ 64,605	$ 57,063
Weighted average OLTV – first trust deeds[2]	59.7%	61.1%
Number of second trust deeds	13	13
Principal – second trust deeds	$ 10,147	$ 12,913
Weighted average OLTV – second trust deeds[2]	55.8%	53.6%
Interest income	$ 3,105	$ 3,362
Portfolio interest rate[3]	9.3%	8.8%
Effective yield rate[4]	9.5%	9.2%
Line of credit – end of period balance	$ 10,000	$ 7,491
Line of credit – average daily balance[5]	$ 4,159	$ 8,898
Interest expense	$ 216	$ 371
Interest rate – line of credit[5]	8.7%	8.0%
Provision for (recovery of) loan losses	$ —	$ —
Total operations expense[9]	$ 1,427	$ 1,066
Net income[9]	$ 1,492	$ 1,936
Percent of average members' capital[6][7]	4.3%	5.3%
Member distributions	$ 1,585	$ 1,772
Percent of average members' capital[6][8]	4.6%	4.9%

(1) Redemption requests at June 30, 2024 were approximately $17.6 million and are carried forward to subsequent quarters until paid. (Scheduled redemptions of members' capital were $12.0 million as of December 31, 2023).
(2) The LTVs use the appraisals at origination of the loans (OLTV).
(3) Stated note interest rate, weighted daily average (annualized).
(4) Percent of secured loans – average daily balance (annualized).
(5) See Note 5 (Line of Credit) to the financial statements included in Part 1, Item 1 of this report for a presentation of the activity and discussion of the terms and conditions of the loan agreement.
(6) Percent of members' capital, gross – average daily balance (annualized).
(7) Percent based on the net income available to members (excluding 1% allocated to manager).
(8) Members Distributions is net of O&O expenses allocated to members' accounts during the year.
(9) RMC – at its sole discretion – collected less than the maximum allowable reimbursement of qualifying costs attributable to RMI IX (Costs from RMC on the Statements of Income), which increased the net income, cash available for distribution, and the net-distribution rate. See Note 3 (Manager and Other Related Parties) to the financial statements included in Part 1, Item 1 of this report for a detailed discussion of fees and cost reimbursements to which the manager is entitled.

Key performance indicators as of and for the three months ended June 30, 2024 and 2023 are presented in the following table ($ in thousands).

	2024	2023
Members' capital, gross – end of period balance	$ 67,485	$ 70,601
Members' capital, gross – average daily balance	$ 68,512	$ 71,382
Member redemptions[(1)]	$ 865	$ 923
Secured loans principal – end of period balance	$ 74,752	$ 69,976
Secured loans principal – average daily balance	$ 68,396	$ 71,339
Number of first trust deeds	33	35
Principal – first trust deeds	$ 64,605	$ 57,063
Weighted average OLTV – first trust deeds[(2)]	59.7%	61.1%
Number of second trust deeds	13	13
Principal – second trust deeds	$ 10,147	$ 12,913
Weighted average OLTV – second trust deeds[(2)]	55.8%	53.6%
Interest income	$ 1,605	$ 1,747
Portfolio interest rate[(3)]	9.4%	8.9%
Effective yield rate[(4)]	9.4%	9.8%
Line of credit – end of period balance	$ 10,000	$ 7,491
Line of credit – average daily balance[(5)]	$ 6,146	$ 7,911
Interest expense	$ 162	$ 172
Interest rate – line of credit[(5)]	8.8%	8.2%
Provision for (recovery of) loan losses	$ —	$ —
Total operations expense[(9)]	$ 622	$ 496
Net income[(9)]	$ 847	$ 1,088
Percent of average members' capital[(6)(7)]	4.9%	6.0%
Member distributions	$ 782	$ 869
Percent of average members' capital[(6)(8)]	4.6%	4.9%

(1) Redemption requests at June 30, 2024 were approximately $17.6 million and are carried forward to subsequent quarters until paid. (Scheduled redemptions of members' capital were $12.0 million as of December 31, 2023).
(2) The LTVs use the appraisals at origination of the loans (OLTV).
(3) Stated note interest rate, weighted daily average (annualized).
(4) Percent of secured loans – average daily balance (annualized).
(5) See Note 5 (Line of Credit) to the financial statements included in Part 1, Item 1 of this report for a presentation of the activity and discussion of the terms and conditions of the loan agreement.
(6) Percent of members' capital, gross – average daily balance (annualized).
(7) Percent based on the net income available to members (excluding 1% allocated to manager).
(8) Members Distributions is net of O&O expenses allocated to members' accounts during the year.
(9) RMC – at its sole discretion – collected less than the maximum allowable reimbursement of qualifying costs attributable to RMI IX (Costs from RMC on the Statements of Income), which increased the net income, cash available for distribution, and the net-distribution rate. See Note 3 (Manager and Other Related Parties) to the financial statements included in Part 1, Item 1 of this report for a detailed discussion of fees and cost reimbursements to which the manager is entitled.

Redemptions of members capital

Redemptions of members' capital for the six months ended June 30 are presented in the following table ($ in thousands).

Redemptions	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Without penalty	$ 864	$ 920	$ 1,746	$ 1,929
With penalty	1	3	1	22
Total	$ 865	$ 923	$ 1,747	$ 1,951
Early withdrawal penalties	$ —	$ —	$ —	$ 1

Pursuant to the Operating Agreement, unless waived by the manager, the company will not redeem in any calendar year more than five percent (5.0%) and in any calendar quarter one and one-quarter percent (1.25%) of the weighted average number of units outstanding in the twelve (12) month period immediately prior to the date of redemption. The manager has no present intention to exercise its discretionary power to waive or modify the enforcement of the redemption limitation in the foreseeable future.

Redemptions of members' capital received by the manager and unpaid at June 30, 2024 approximated $17.6 million, of which,

- $14.1 million were received at or prior to March 31, 2024; and
- $3.5 million were received in the quarter ended June 30, 2024 (and will be eligible at September 30, 2024).

Eligible redemption requests are to be honored in the following order of priority:

- first, to redemptions upon the death of a member, subject to a cap of $100 thousand per quarter for each deceased member's account; and
- next, to all other eligible redemption requests on a pro rata basis.

Secured loans

We have sought to exercise strong discipline in underwriting loan applications and lending against collateral at amounts that create a secured loan portfolio that has substantial protective equity (i.e., property value to outstanding debt) as indicated by the overall weighted average loan-to-value ratio (LTV) which at June 30, 2024 was approximately 59.1% at time of origination. Thus, pursuant to the appraisal-based valuations at the time of loan inception, borrowers have, in the aggregate, equity of 40.9% in the property, and we as a lender have lent in the aggregate 59.1% (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 June 30, 2024 are presented in the following table ($ in thousands). The LTVs shown in this table are updated for any updated appraisals, broker opinion of value, or other external market evidence received by the manager after the origination of the loan.

	Secured loans, principal					
LTV[(1)]	First trust deeds	Percent	Second trust deeds	Percent	Total principal	Percent
<40%	$ 5,259	7.0%	$ 1,221	1.6%	$ 6,480	8.6%
40-49%	10,996	14.7	3,256	4.4	14,252	19.1
50-59%	11,648	15.6	1,945	2.6	13,593	18.2
60-69%	12,230	16.4	760	1.0	12,990	17.4
Subtotal <70%	40,133	53.7	7,182	9.6	47,315	63.3
70-79%	18,588	24.9	2,965	3.9	21,553	28.8
Subtotal <80%	58,721	78.6	10,147	13.5	68,868	92.1
≥80%[(2)]	5,884	7.9	—	0.0	5,884	7.9
Total	$ 64,605	86.5%	$ 10,147	13.5%	$ 74,752	100.0%

(1) LTV classifications in the table above are based on the sum of principal, advances and interest unpaid at June 30, 2024.
(2) One loan with principal of approximately $2.0 million has an LTV of 134.14%. The loan agreement was executed by an individual with substantial real estate holdings, experience and substantial financial resources.

Loans with payments in arrears, principal by LTV and lien position at June 30, 2024 are presented in the following table ($ in thousands). The LTVs shown in this table are updated for any updated appraisals, broker opinion of value, or other external market evidence received by the manager after the origination of the loan.

	Secured loans with payments in arrears, principal					
LTV[(3)]	First trust deeds	Percent[(4)]	Second trust deeds	Percent[(4)]	Total principal	Percent[(4)]
<40%	$ —	0.0%	$ —	0.0%	$ —	0.0%
40-49%	4,196	5.6	—	0.0	4,196	5.6
50-59%	4,940	6.6	1,600	2.1	6,540	8.7
60-69%	—	0.0	760	1.0	760	1.0
Subtotal <70%	9,136	12.2	2,360	3.1	11,496	15.3
70-79%	961	1.3	—	0.0	961	1.3
Subtotal <80%	10,097	13.5	2,360	3.1	12,457	16.6
≥80%	990	1.3	—	0.0	990	1.3
Total	$ 11,087	14.8%	$ 2,360	3.1%	$ 13,447	17.9%

(3) LTV classifications in the table above are based on the sum of principal, advances and interest unpaid at June 30, 2024.
(4) Percent of secured loans principal, end of period balance.

Matured loans, principal by LTV and lien position at June 30, 2024 are presented in the following table ($ in thousands). The LTVs shown in this table are updated for any updated appraisals, broker opinion of value, or other external market evidence received by the manager after the origination of the loan.

	Secured loans past maturity, 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%	3,584	4.8	—	0.0	3,584	4.8
50-59%	4,940	6.6	1,600	2.1	6,540	8.7
60-69%	—	0.0	760	1.0	760	1.0
Subtotal <70%	8,524	11.4	2,360	3.1	10,884	14.5
70-79%	—	0.0	—	0.0	—	0.0
Subtotal <80%	8,524	11.4	2,360	3.1	10,884	14.5
≥80%	—	0.0	—	0.0	—	0.0
Total	$ 8,524	11.4%	$ 2,360	3.1%	$ 10,884	14.5%

(5) LTV classifications in the table above are based on the sum of principal, advances and interest unpaid at June 30, 2024.
(6) Percent of secured loans principal, end of period balance.

Payments in arrears for secured loans (i.e., principal and interest payments past due 30 or more days) at June 30, 2024 totaled approximately $11.3 million of which approximately $10.9 million was principal and approximately $390 thousand was accrued interest.

See Note 4 (Loans) to the financial statements included in Part I, Item 1 of this report for detailed presentations as to 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 2024 v. 2023

Net income available to members as a percent of members' capital, gross – average daily balance (annualized) was 4.3% and 5.3% for the six months ended June 30, 2024 and 2023. Net income decreased approximately $444 thousand for the six months ended June 30, 2024 as compared to the same period in 2023 primarily due to an increase in operations expenses of approximately $361 thousand and a decrease in interest income of approximately $102 thousand. In line with a rising rate environment, the portfolio rate on secured loans has increased by 0.5% for the six months ended June 30, 2024 as compared to the same period in 2023. This increase is offset by a decrease in average daily balance – secured loans.

Analysis and discussion of income from operations 2024 v. 2023 (six months ended)

Significant changes to net income for the six months ended June 30, 2024 and 2023 are summarized in the following table ($ in thousands).

	Net interest income	Provision for (recovery of) loan losses	Operations expense	Net income
Six months ended				
June 30, 2024	$ 2,889	—	1,427	$ 1,492
June 30, 2023	2,991	—	1,066	1,936
Change	$ (102)	—	361	$ (444)
Change				
Decrease in secured loans principal - average daily balance	$ (369)	—	(10)	$ (359)
Effective yield rate	112	—	—	112
Decrease in members' capital - average daily balance	—	—	(19)	19
Increase in RMI IX capital as a percent of total related mortgage funds capital managed by RMC	—	—	7	(7)
Interest on line of credit	173	—	—	173
Amortization of debt issuance costs	(1)	—	—	(1)
Late fees	—	—	—	(5)
Gain on sale, loans	—	—	—	24
Decrease in allocable expenses from RMC	—	—	(150)	150
RMC fees/costs reimbursements collected	—	—	136	(136)
Interest on unsecured borrowings	(11)	—	—	(11)
Interest on notes payable to related parties	(6)	—	—	(6)
Tax compliance services	—	—	29	(29)
Expanded legal services	—	—	148	(148)
Timing of services rendered	—	—	(16)	16
Independent contractors	—	—	61	(61)
Expanded audit services	—	—	143	(143)
Other	—	—	32	(32)
Change	$ (102)	—	361	$ (444)

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

Net interest income

Net interest income decreased approximately $102 thousand (3.4%) for the six months ended June 30, 2024 compared to the same period in 2023. The decrease in net interest income is due to a decrease in interest income of approximately $257 thousand due to a decrease in the average daily balance – secured loans of approximately $7.7 million (10.5%), offset in part by a decrease in interest expense of approximately $155 thousand primarily due to a decrease in the line of credit average daily balance of approximately $4.7 million (53.3%), offset partially by the increase of interest expenses on intercompany promissory notes and intercompany unsecured borrowings.

The line of credit – average daily balance decreased approximately $4.7 million (53.3%) for the six months ended June 30, 2024 compared to the same period in 2023, and the increase in average interest rate on the line of credit of 0.7 percent (8.7%) over the same period resulted in a decrease of approximately $172 thousand (48.2%) 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/allowance for credit losses

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 six months ended June 30, 2024 and 2023 are summarized in the following table ($ in thousands).

	Mortgage servicing fees	Asset management fees	Costs from RMC, net	Professional services	Other	Total
Six months ended						
June 30, 2024	$ 81	236	162	926	22	$ 1,427
June 30, 2023	91	255	169	545	6	1,066
Change	$ (10)	(19)	(7)	381	16	$ 361
Change						
Decrease in secured loans principal - average daily balance	$ (10)	—	—	—	—	$ (10)
Decrease in members' capital - average daily balance	—	(19)	—	—	—	(19)
Increase in RMI IX capital as a percent of total related mortgage funds capital managed by RMC	—	—	7	—	—	7
Decrease in allocable expenses from RMC	—	—	(150)	—	—	(150)
RMC fees/costs reimbursements collected	—	—	136	—	—	136
Tax compliance services	—	—	—	29	—	29
Expanded legal services	—	—	—	148	—	148
Timing of services rendered	—	—	—	(16)	—	(16)
Independent contractors	—	—	—	61	—	61
Expanded audit services	—	—	—	143	—	143
Other	—	—	—	16	16	32
Change	$ (10)	(19)	(7)	381	16	$ 361

Mortgage servicing fees

The decrease in mortgage servicing fees of approximately $10 thousand for the six months ended June 30, 2024 as compared to the same period in 2023 was due to a decrease in the average daily balance – secured loans of approximately $7.7 million at the annual mortgage servicing fee to RMC of 0.25%. The decrease in the average daily balance – secured loans was due to a reduction in members' capital as members' redemptions exceeded the purchase of DRIP units.

Asset Management Fees

The decrease in asset management fees of approximately $19 thousand was due to a decrease in the members' capital base at year-end December 31, 2023 compared to year-end December 31, 2022. The decrease in the members' capital base is due in part to increased redemption requests and a decrease in loan payoffs largely attributable to the increase in interest rates. The asset management fee is determined based on the prior year end member's capital base which is computed as the then fair value of the company's loans plus working capital reserves less outstanding debt.

Costs from RMC, net

RMC is entitled to request reimbursement for operations expense incurred on behalf of RMI IX, 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. In the six months ended June 30, 2024, RMC – at its sole discretion – collected less than the maximum allowable reimbursement of qualifying costs attributable to RMI IX (Costs from RMC on the Statements of Income).

The amount of qualifying costs attributable to RMI IX incurred by RMC was approximately $271 thousand and $418 thousand in the six months ended June 30, 2024 and 2023, respectively. The reimbursement of costs from RMC waived was approximately $109 thousand and $249 thousand in the six months ended June 30, 2024 and 2023, respectively.

Professional Services

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

The increase in professional services of approximately $381 thousand for the six months ended June 30, 2024 compared to the same period in 2023 was due to increases in tax compliance fees, legal fees, audit fees and fees due to outside contractors, offset in part by the timing of services rendered. Costs for these professional services have been increasing – and are expected to continue to increase – as new accounting pronouncements are issued, the demands of regulatory compliance increase and the rate at which firms charge for their services increases.

Analysis and discussion of income from operations 2024 v. 2023 (three months ended)

Significant changes to net income for the three months ended June 30, 2024 and 2023 are summarized in the following table ($ in thousands).

	Net interest income	Provision for (recovery of) loan losses	Operations expense	Net income
Three months ended				
June 30, 2024	$ 1,443	—	622	$ 847
June 30, 2023	1,575	—	496	1,088
Change	$ (132)	—	126	$ (241)
Change				
Decrease in secured loans principal - average daily balance	$ (69)	—	(3)	$ (66)
Effective yield rate	(73)	—	—	(73)
Decrease in members' capital - average daily balance	—	—	(10)	10
Increase in RMI IX capital as a percent of total related mortgage funds capital managed by RMC	—	—	2	(2)
Interest on line of credit	28	—	—	28
Amortization of debt issuance costs	(1)	—	—	(1)
Late fees	—	—	—	(7)
Gain on sale, loans	—	—	—	24
Decrease in allocable expenses from RMC	—	—	(90)	90
RMC fees/costs reimbursements collected	—	—	72	(72)
Interest on unsecured borrowings	(11)	—	—	(11)
Interest on notes payable to related parties	(6)	—	—	(6)
Expanded legal services	—	—	61	(61)
Timing of services rendered	—	—	(16)	16
Independent contractors	—	—	23	(23)
Expanded audit services	—	—	52	(52)
Other	—	—	35	(35)
Change	$ (132)	—	126	$ (241)

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

Net interest income

Net interest income decreased approximately $132 thousand (8.4%) for the three months ended June 30, 2024 compared to the same period in 2023. The decrease in net interest income is due to a decrease in interest income of approximately $142 thousand due to a decrease in the average daily balance – secured loans of approximately $2.9 million (4.1%), offset in part by a decrease in interest expense of approximately $10 thousand due to a decrease in the line of credit average daily balance of approximately $1.8 million (22.3%), offset partially by the increase of interest expenses on intercompany promissory notes and intercompany unsecured borrowings.

The line of credit – average daily balance decreased approximately $1.8 million (22.3%) for the three months ended June 30, 2024 compared to the same period in 2023, and the increase in average interest rate on the line of credit of 0.6 percent (7.3%) over the same period resulted in a decrease of approximately $27 thousand (16.7%) 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/allowance for credit losses

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 June 30, 2024 and 2023 are summarized in the following table ($ in thousands).

	Mortgage servicing fees	Asset management fees	Costs from RMC, net	Professional services	Other	Total
Three months ended						
June 30, 2024	$ 41	118	72	374	17	$ 622
June 30, 2023	44	128	88	234	2	496
Change	$ (3)	(10)	(16)	140	15	$ 126
Change						
Decrease in secured loans principal - average daily balance	$ (3)	—	—	—	—	$ (3)
Decrease in members' capital - average daily balance	—	(10)	—	—	—	(10)
Increase in RMI IX capital as a percent of total related mortgage funds capital managed by RMC	—	—	2	—	—	2
Decrease in allocable expenses from RMC	—	—	(90)	—	—	(90)
RMC fees/costs reimbursements collected	—	—	72	—	—	72
Expanded legal services	—	—	—	61	—	61
Timing of services rendered	—	—	—	(16)	—	(16)
Independent contractors	—	—	—	23	—	23
Expanded audit services	—	—	—	52	—	52
Other	—	—	—	20	15	35
Change	$ (3)	(10)	(16)	140	15	$ 126

Mortgage servicing fees

The decrease in mortgage servicing fees of approximately $3 thousand for the three months ended June 30, 2024 as compared to the same period in 2023 was due to a decrease in the average daily balance – secured loans of approximately $2.9 million at the annual mortgage servicing fee to RMC of 0.25%. The decrease in the average daily balance – secured loans was due to a reduction in members' capital as members' redemptions exceeded the purchase of DRIP units.

Asset Management Fees

The decrease in asset management fees of approximately $10 thousand was due to a decrease in the members' capital base at year-end December 31, 2023 compared to year-end December 31, 2022. The decrease in the members' capital base is due in part to increased redemption requests and a decrease in loan payoffs largely attributable to the increase in interest rates. The asset management fee is determined based on the prior year end member's capital base which is computed as the then fair value of the company's loans plus working capital reserves less outstanding debt.

Costs from RMC, net

RMC is entitled to request reimbursement for operations expense incurred on behalf of RMI IX, 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. In the three months ended June 30, 2024, RMC – at its sole discretion – collected less than the maximum allowable reimbursement of qualifying costs attributable to RMI IX (Costs from RMC on the Statements of Income).

The amount of qualifying costs attributable to RMI IX incurred by RMC was approximately $115 thousand and $206 thousand in the three months ended June 30, 2024 and 2023, respectively. The reimbursement of costs from RMC waived was approximately $43 thousand and $118 thousand in the three months ended June 30, 2024 and 2023, respectively.

Professional Services

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

The increase in professional services of approximately $140 thousand for the three months ended June 30, 2024 compared to the same period in 2023 was due to increases in legal fees, audit fees and fees due to outside contractors, offset in part by the timing of services rendered. Costs for these professional services have been increasing – and are expected to continue to increase – as new accounting pronouncements are issued, the demands of regulatory compliance increase and the rate at which firms charge for their services increases.

Cash flows and liquidity

Cash flows by business activity for the six months ended June 30, 2024 and 2023 are presented in the following table ($ in thousands).

	2024	2023
Members' capital		
Earnings distributed to members, net of DRIP	$ (1,089)	$ (960)
Redemptions, net	(1,761)	(1,950)
O&O expenses repaid by RMC	18	28
Early withdrawal penalties	—	(1)
Cash – members' capital, net	(2,832)	(2,883)
Borrowings		
Line of credit borrowings (payments), net	7,847	(2,409)
Interest paid	(162)	(365)
Debt issuance costs paid	(66)	—
Promissory note received from related party	940	—
Promissory note repaid to related party	(940)	—
Promissory note received from third party	1,500	—
Promissory note repaid to third party	(1,500)	—
Unsecured borrowings received from related mortgage funds	2,500	—
Unsecured borrowings repaid to related mortgage fund	(1,200)	—
Cash – borrowings, net	8,919	(2,774)
Cash – members' capital and borrowings, net	6,087	(5,657)
Loan principal/advances/interest		
Loans funded & advances, net	(35,199)	(18,003)
Principal collected	19,340	22,097
Loans transferred from related mortgage funds	—	(3,393)
Loans transferred to related mortgage fund	—	857
Loans sold to non-affiliate	4,068	—
Interest received, net	2,794	3,553
Late fees	(27)	88
Promissory note funded to related mortgage fund	—	(3,300)
Promissory note repaid by related mortgage fund	2,800	—
Cash – loans, net	(6,224)	1,899
Formation loan collected	104	104
Operations expense	(1,398)	(1,270)
Net change in cash	$ (1,431)	$ (4,924)
Cash, end of period	$ 281	$ 131

Earnings distributed to members

To determine the amount of cash to be distributed in any month, the company relies in part on its forecast of full-year net income, which takes into account the difference between the forecasted net income for the remainder of the year and actual results in the year to date and the requirement to maintain a cash reserve. As of June 30, 2024, the difference between earnings allocated to members' capital accounts and net income available to members was approximately $475 thousand, and is expected to be offset by future earnings in excess of net distributions in 2024.

In July 2024, members who had elected to participate in the DRIP were notified by a letter included with their June 2024 monthly statements that the DRIP was closed. As a result of this plan closure, members that previously did not receive quarterly income distributions because of their enrollment in the DRIP received income distribution checks for the quarter ending June 30, 2024 and will continue to receive quarterly income distributions thereafter.

Borrowings

In March 2020, RMI IX entered into a revolving line of credit and term loan agreement with Western Alliance Bank ("WAB") which is governed by the terms of the Business Loan Agreement between WAB and RMI IX ("original credit agreement"), as amended and modified by the First Loan Modification Agreement made effective March 4, 2022 (the "2022 modification agreement" and together with the original credit agreement, the "2022 credit agreement"). Effective March 13, 2024, with the maturity of the 2022 credit agreement, WAB and RMI IX entered into another extension and modification agreement (the "2024 modification agreement" and together with the original credit agreement, "the 2024 credit agreement"). Advances on the line of credit are to be used exclusively to fund secured loans.

See Note 5 (Line of Credit) to the financial statements included in Part I, Item 1 of this report for a detailed presentation of the activity and discussion on the terms and provisions of the original credit agreement (and subsequent modifications), which presentation is incorporated by this reference into this Item 2.

Liquidity and capital resources

The ongoing sources of funds are the proceeds from:

- loan payoffs;
- borrowers' monthly principal and interest payments;
- line of credit advances;
- loan sales to unaffiliated third parties; and
- payments from RMC on the outstanding balance of the formation loan.

The company's cash balances are maintained at levels sufficient to support on-going operations and satisfy obligations, without reducing loan fundings or suspending distributions or redemptions, although these options are available if future circumstances warrant. The manager will continue to utilize line of credit advances, loan assignments to related mortgage funds and loan sales to unaffiliated third parties to maintain liquidity of the company, while striving to fully deploy capital available to lend. In addition, for 2023 and years following, the amount to be paid of eligible members' capital redemption requests received after December 31, 2022, will comply with the quarterly and annual members' capital redemption limitations as described in the company's Operating Agreement.

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

Contractual obligations and commitments

At June 30, 2024, the company had no construction or rehabilitation loans outstanding, no loan commitments pending, and no off-balance sheet arrangements as such arrangements are not permitted by the Operating Agreement. Note 3 (Manager and Other Related Parties) to the financial statements included in Part I, Item 1 of this report presents detailed discussion of the company's contractual obligations to RMC.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not included because the company is a smaller reporting company.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

As a limited liability company, RMI IX does 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 company'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, and review and oversight of the work of our independent public accountants; and
- Establishing and maintaining internal controls over our 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) as of and for 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 not 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 due to the material weakness in internal control over financial reporting described in Part II, Item 9A of the 2023 annual report on Form 10-K.

Previously Identified Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements would not be prevented or detected on a timely basis.

Refer to Part II, Item 9A of the 2023 annual report on Form 10-K for a discussion of the material weakness existing as of December 31, 2023, which continued to exist as of June 30, 2024.

Remediation Plan of Material Weakness

As previously described in Part II, Item 9A of the 2023 annual report on Form 10-K, the manager onboarded a controller and an executive-level asset/loan servicing professional, both with significant experience and background, during the fourth quarter of 2023 and is continuing to reassess and formalize the design of our accounting policies as well as enhancing the design of existing controls relating to the evaluation of CECL to address the material weakness (the "Remediation Plan").

Additional changes and improvements may be identified and adopted as we continue to evaluate and implement our Remediation Plan. The material weakness will not be considered remediated until the enhanced controls have been implemented for a sufficient period of time and management has concluded, through testing and monitoring, that the new and enhanced controls are designed and operating effectively.

Changes to Internal Control Over Financial Reporting

Except for the actions taken under the Remediation Plan described above, there have not been any changes in internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the manager's or company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

As of June 30, 2024, the company 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 business, the company may become involved in various legal proceedings such as assignment of rents, bankruptcy proceedings, appointment of receivers, unlawful detainers, judicial foreclosure, etc. to enforce the provisions of the deeds of trust, collect the debt owed under the promissory notes or protect or recoup its investment from the real property secured by the deeds of trust and to resolve disputes between borrowers, lenders, lien holders and mechanics. None of these actions, in and of themselves, typically would be of any material financial impact to the company (i.e., exceeding ten percent of the company's consolidated current assets).

Item 1A. Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information under this item.

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

Recent Sales of Unregistered Securities

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

Use of Proceeds from Registered Securities

On May 9, 2019, the company filed a Registration Statement on Form S-3 with the SEC (SEC File No. 333-231333) to offer up to 15,000,000 units ($15,000,000) to members of record as of April 30, 2019 that had previously elected to participate in the DRIP or that elect to participate in the DRIP in those states in which regulatory approval has been obtained. The Registration Statement on Form S-3 became effective on May 9, 2019.

As of June 30, 2024, the gross proceeds from sales of units to our members under our DRIP pursuant to the May 9, 2019 Form S-3 Registration Statement (after May 9, 2019) was approximately $10.0 million, which proceeds are used for general corporate operations. In July 2024, members who had elected to participate in the DRIP were notified that the DRIP was closed. See Note [7 – Subsequent Events].

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

The company is externally managed by RMC and has no officers or directors of its own and, thus, the company has no Rule 10b5-1 plan or other trading arrangements. There was no adoption, modification or termination of any Rule 10b5-1 plan or other trading arrangements by directors and officers of RMC during the quarter ended June 30, 2024.

Item 6. Exhibits

Exhibit No.	Description of Exhibits
3.1	Ninth Amended and Restated Limited Liability Company Operating Agreement (incorporated by reference to Exhibit 3.1 of the Company's registration statement on Form 8-A12G filed with the SEC on March 25, 2016 (File No. 000-55601))
3.2	Certificate of Formation (incorporated by reference to Exhibit 3.2 of the Company's registration statement on Form 8-A12G filed on March 25, 2016 (File no. 000-55601))
3.3	First Amendment to Ninth Amended and Restated Limited Liability Company Operating Agreement of Redwood Mortgage Investors IX, LLC dated June 20, 2018 (incorporated herein by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K filed with the SEC on June 22, 2018 (File No. 000-55601))
3.4	Second Amendment to Ninth Amended and Restated Limited Liability Company Operating Agreement of Redwood Mortgage Investors IX, LLC dated effective March 11, 2022 (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on March 11, 2022 (File No. 000-55601))
31.1	Certification of Manager pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Manager pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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 With Embedded Linkbase Documents
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 IX, LLC
(Registrant)

Date: August 14, 2024

By: **Redwood Mortgage Corp., Manager**

By: /s/ Michael R. Burwell
Name: Michael R. Burwell
Title: President, Secretary and Treasurer
(On behalf of the registrant, and in the capacity of principal financial officer)

Exhibit 31.1

PRESIDENT'S CERTIFICATION

I, Michael R. Burwell, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ Michael R. Burwell

Michael R. Burwell, President,
(principal executive officer and principal financial officer)
Redwood Mortgage Corp.,
Manager
August 14, 2024

Exhibit 32.1

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

In connection with the Quarterly Report of Redwood Mortgage Investors IX, LLC (the "company") on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), pursuant to 18 U.S.C. (S) 1350, as adopted pursuant to (S) 906 of the Sarbanes-Oxley Act of 2002, I, Michael R. Burwell, certify that to the best of my knowledge:

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

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

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

/s/ Michael R. Burwell

Michael R. Burwell, President,
(principal executive officer and principal financial officer)
Redwood Mortgage Corp.,
Manager
August 14, 2024