

# REDWOOD MORTGAGE INVESTORS X, LLC

## Broker-Dealer Fact Sheet

<b>THE MANAGER</b>	Founded in 1978, Redwood Mortgage Corp. (RMC) is an established financial organization that has sponsored ten prior mortgage pool programs. RMC and its affiliates have arranged over \$1,650,000,000 in loans and currently manage assets of approximately \$185,000,000. Loans are arranged, underwritten and serviced by RMC.
<b>TYPE OF FUND &amp; OVERVIEW</b>	Redwood Mortgage Investors X, LLC (RMI X) is private mortgage fund with the objective of yielding a favorable rate of return by making short-term loans secured primarily by trust deeds on California properties and to a lesser extent, in other states. Loans made and/or acquired by the Fund will be secured by first and second deeds of trust encumbering primarily residential and commercial real estate located in California communities predominately in the San Francisco Bay Area and coastal metropolitan regions of Southern California. Up to 15% of Fund capital may be invested in loans secured by properties located in other states. Fund loans will primarily be shorter-term loans (i.e., one to five-year initial terms), made at fixed interest rates and held for investment purposes until repaid.
<b>OFFERING</b>	RMC, on behalf of RMI X, is currently offering up to \$50,000,000 of membership interest units (Units) in RMI X in a private placement offering being conducted under Rule 506(b) of Regulation D. Units will be sold for a purchase price of \$1 per Unit over an offering period currently scheduled to terminate on December 31, 2022. Units are comprised of "BD Units" and "RIA Units" each of which are subject to the terms and conditions attributable to BD Units and RIA Units described in RMI X's current Private Placement Memorandum (PPM). Broker-dealers participating in the offering are authorized to effect sales of BD Units, only, unless Broker-Dealer is expressly authorized by RMC to sell RIA Units in a signed RIA Addendum to the parties' Broker-Dealer Agreement.
<b>TARGET MARKET</b>	Accredited, income-oriented investors; IRAs; qualified plans; 401K rollovers.
<b>MINIMUM INVESTMENT</b>	Minimum initial investment is \$25,000; minimum additional investment is \$10,000. Units are purchased at \$1.00 per unit.
<b>SUITABILITY REQUIREMENTS</b>	Units are available for purchase exclusively by "accredited investors" as defined in Rule 501(a) of Regulation D. Units are available for individuals seeking quarterly or monthly <sup>1</sup> taxable income and/or Trusts, IRAs, Pension/Profit-Sharing Plans and simplified employee pensions with participants that meet the requirements as outlined on page 1 of the PPM.
<b>DISTRIBUTIONS</b>	At the time of purchase, the investor must elect to either receive periodic distributions of income from RMI X or to have their income compound quarterly, <sup>2</sup> in lieu of receiving cash distributions. <sup>3</sup> The investor may change the distribution option upon written notice to RMC. For investors that choose distributions, the default selection is quarterly distributions, however, an investor may choose to receive monthly distributions with manager approval.
<b>ADMITTANCE</b>	Subscription Agreements received in good order will be accepted or rejected by the Manager within 10 days after receipt. After acceptance funds are held in an interest-bearing subscription account for up to 45 days. If not used prior, funds will be admitted on the last day of such 45-day period and interest earned will be returned to an investor upon admittance. <sup>4,5</sup>
<b>SALES COMMISSION<sup>6</sup></b>	6% sales commission is paid for BD Units purchased through a broker-dealer. Commissions are paid to the broker-dealer weekly. No commissions are paid on distributions that are compounded on behalf of electing members.
<b>WITHDRAWAL &amp; REDEMPTION<sup>7</sup></b>	Beginning ninety (90) days from the date a member is admitted and prior to the Fund's dissolution, a member may withdraw and redeem all or part of their invested capital subject to certain limitations. The amount received by a withdrawing member will be the member's capital account balance reduced by a "Surrender Charge" percentage based upon the timing of the withdrawal request in relation to the "O&O Determination Date" that will occur in the first quarter following the termination of the offering period. Surrender Charges for BD Units range from 10% for withdrawal requests received prior to one year following the O&O Determination Date to 2% for withdrawal requests received in the 9th year following the O&O Determination Date and no Surrender Charges for withdrawals following year nine and during the Wind Down period. The Manager also has the discretion: (i) to limit the amount redeemed per quarter per individual Member to a maximum of the greater of \$100,000 or 25% of the Member's outstanding Capital Account balance; (ii) to limit aggregate withdrawals during any single calendar quarter to not more than 2.5%, or in any calendar year to not more than 10%, of the total Fund Capital Accounts outstanding at the beginning of the calendar year.
<b>DEATH PROVISION</b>	In the event of an investor's death, beneficiaries will have the option to continue to hold the investment or redeem all or a portion of the units per the above Withdrawal & Redemption schedule. Redemptions will be limited to the greater of \$100,000 or 25% of the capital account per quarter.

1. Monthly distributions are allowed subject to Manager approval.
2. The Manager also has the right to commence making cash distributions at any time to previously compounding ERISA investors in order for the Fund to remain exempt from the ERISA plan asset regulations and to terminate or delay periodic distributions under certain circumstances.
3. Distributions are not guaranteed. The ability to reinvest distributions may be suspended or terminated at any time. Distributions, both cash and compounded, are subject to Quarterly Syndication Cost Deductions (QSCD) after the O&O determination date, which if distribution is not sufficient to cover the QSCD, could result in a capital balance reduction.
4. Deposits and admissions made solely to meet this 45-day requirement may have a dilutive effect on fund yields.
5. The Manager may also hold and delay depositing subscription funds received from ERISA plan investors beyond this 45-day period to the extent deemed necessary to remain exempt from the ERISA plan asset regulations and other similar restrictions under ERISA and the Code.
6. The maximum sales commissions paid by Redwood Mortgage Corp. will not exceed 6% of gross offering proceeds. No sales commissions will be paid in connection with monies that are reinvested and allowed to compound.
7. Unit Withdrawal & Redemption may be suspended or terminated at any time.

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## Portfolio Highlights

### LOAN PORTFOLIO DIVERSIFICATION

- Portfolio will feature primarily short-term (1-5 year), interest only and partially amortized loans.
- Typical loan sizes are expected to range between \$250,000 and \$1,500,000
- RMC targets an average Fund Loan-to-Value Ratio of 70% or less.
- The average loan investment is expected to be approximately 3% of total assets.
- The portfolio composition is anticipated to be 40-60% 1st mortgages, 40-60% 2nd mortgages
- In order to further diversify and balance the portfolio's holdings, RMI X, LLC intends to lend on residential and commercial real estate including: single family homes, condominiums and townhouses, 1-4 unit residential buildings, multi-family properties of (5) five or more units (such as apartment buildings), commercial property such as office buildings, retail stores, warehouse facilities, mixed-use properties and land.
- No Fund loan will exceed the greater of \$1,500,000 or 10% of Fund total assets.
- Similar to "dollar cost averaging," investors may benefit as mortgage payments, payoff proceeds and reinvested earnings are continually invested into new loans at the prevailing rate.

### INDEPENDENT APPRAISALS

Qualified independent appraisers appraise all properties securing loans. As an additional safeguard, a Redwood employee will visit the subject property when located in California to assist in further substantiating the property's value. Site visits for non-California properties may also be conducted by an employee of the Manager; however, the Manager may also elect: (i) a local real estate or lending professional (e.g., private lenders, real estate agents, property managers, etc.) to conduct site visits on the Manager's behalf; or (ii) rely solely upon the appraisal and information received from the appraiser without conducting a site visit for the non-California property.

### PROGRAM TERM

Under our operating agreement, RMI X, LLC will continue to operate until December 31, 2031. Until that time, liquidity to our members will be available as outlined in the Withdrawal & Redemption overview.

### LIMITED LIABILITY

Investor liability is limited to the amount of their investment. No other investor assets are at risk.

### LICENSE REQUIRED

Series 7 or 22

*Tier BD Interests will be issued to BD Members that acquire BD Units through a registered broker-dealer and will be allocated Syndication Costs consisting of: (i) each BD Member's pro rata share of the Fund's Organization and Offering Expenses, up to a maximum amount of 2.0% of the gross purchase price paid by each BD Member for their BD Units; and (ii) underwriting compensation to broker-dealers of up to 7.0% of the gross purchase price paid by each BD Member for their BD Units.*

*An investment in units involves a significant degree of risk and is suitable only for investors who can bear the loss of their entire investment. Among the risks are that: Declines in commercial and/or residential real estate values may adversely affect Fund performance; Competition for loan investments may affect the availability and profitability of Fund loan investments. Mortgage lending, particularly mortgage lending on owner-occupied dwellings, is subject to governmental oversight and regulation that may impact the dollar-amount of loan investments available to the Fund and may impact the profitability and collectability of those investments. Units are subject to substantial withdrawal and transfer restrictions and investors will have a limited ability to liquidate their investment in the Fund or may be subject to early withdrawal penalties. The Fund may use leverage which could hinder the Fund's ability to make distributions or cause losses to the Fund. The Manager is entitled to various forms of compensation and is subject to certain conflicts of interest described in the PPM. Investors will have no right to participate in the management of the Fund and will have limited voting rights.*

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