

Redwood Mortgage Investors X, LLC Sample Loans



The Offering

Redwood Mortgage Investors X, LLC ("RMI X") is a 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.¹

Lending Area and Appraisals

Redwood Mortgage Corp. ("RMC") lends primarily on 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.

RMC is vertically integrated in its loan operations meaning that they originate the loan directly from the borrower or from a loan package provided by a mortgage originator. RMC underwrites, documents, and then services the loan. The value of all properties securing Fund loans will be determined by appraisals made at or near the time the loan is made by qualified, independent third-party appraisers selected or approved by the Manager. In addition, as part of RMC's quality control, an employee of RMC visits each California property (or an appointed designee for properties outside California) that secures a loan. Often this is a member of the underwriting committee or management as a further check on property value. As part of our loan selection process, RMC seeks to lend in areas which contain a diverse economic base and a growing population.

Loan Diversification

- Portfolio will feature primarily short-term (1-5 year) loans
- Typical loan sizes are expected to range between \$250,000 and \$1,500,000.
- Fund loans may be secured by deeds of trust on the following types of real property: single-family residences including homes, condominiums and townhouses, 1-4 unit residential buildings; multi-family properties of five (5) 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.
- An expected average Fund Loan-to-Value Ratio of 70% or less.
- The average loan investment is expected to be approximately 3% of total assets.

Sample Loans²



Loan Amount: \$493,500 first mortgage at 51.37% LTV (loan to value). **Scenario:** This Bay Area home has been owned by the family for 30 plus years. The surviving parent has passed away and the co-trustee (heirs) are in the process of settling the estate. One (co-trustee) would like to keep the home, the other simply wants their proceeds in the form of cash. **Why come to Redwood:** Conventional lenders generally do not make loans to irrevocable trusts, where the original trustor has passed away. This is outside of their loan parameters and creates an opportunity for Redwood. The co-trustee who intends on keeping the property has stable employment, income and excellent credit. **Exit:** Once the proceeds from the loan are distributed to the co-trustee desiring the cash and the estate is settled, the remaining co-trustee will pay us off through refinancing with an institutional lender. An easy, executable exit.

Loan Amount: \$550,000 second mortgage at 45.64% CLTV (combined loan to value) in the San Francisco Bay Area - interest rate at 8.75%. **Scenario:** This is a cash out second mortgage on the borrower's primary residence. The loan proceeds were to purchase a property in Mendocino County to be used by an LLC owned by the family and managed by the principal's son. **Why come to Redwood:** To purchase the new property, the borrowers needed to fund their cash out loan request more quickly than an institutional lender's typical timeline of 45 days or longer. The borrower was willing to pay a premium on the interest rate and loan points in exchange for speed and timeline to close. Borrower has excellent credit, stable income, & reserves.



1. There can be no assurance this strategy or these objectives will be achieved. 2. These examples are provided for illustrative purposes only of properties used as collateral for loans that the program has originated. RMI X does not own the properties pictured.

Past performance is no guarantee of future results. This offering is subject to certain risks (see Risk Factors on reverse page and in our private placement memorandum (PPM)). This summary must be preceded or accompanied by PPM for the securities of the issuer described herein. This material is not an offer to sell securities. Such an offer may only be made through a PPM and the completion of a subscription agreement by residents of states in which the offering has been registered or will be registered (or is exempt from registration) and who meet applicable suitability requirements. For additional information, please contact your financial representative.

Risk Factors

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. Investors will have no right to participate in the management of the Fund and will have limited voting rights.

Under our operating agreement, we will continue to operate until December 31, 2031. Until that time, liquidity to our members will be on a limited basis through the Fund's Withdrawal & Redemption schedule.

Forward-looking Statements

The Private Placement Memorandum contains forward-looking statements within the meaning of federal securities law. Words such as "may," "will," "expect," "anticipate," "believe," "estimate," "continue," "predict," or other similar words, identify forward-looking statements. Forward-looking statements appear in a number of places in this Memorandum, including, without limitation, the "Use of Proceeds," "Description of the Units" and "Fund Business & Loan Criteria" sections, and include statements regarding the Fund's intent, belief or current expectation about, among other things, trends affecting the markets in which the Fund will operate, its business, financial condition and strategies. Although the Fund believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those predicted in the forward-looking statements as a result of various factors, including those set forth in the "Risk Factors" section of the Memorandum. If any of the events described in "Risk Factors" occur, they could have an adverse effect on the Fund's business, financial condition and results of operations. When considering forward-looking statements, prospective investors should keep these Risk Factors in mind as well as the other cautionary statements in the Memorandum. Prospective investors should not place undue reliance on any forward-looking statement. RMI X and the Manager are not obligated to update forward-looking statements.



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Securities are offered through your registered investment advisor or the entity listed below, which is a broker-dealer not affiliated with Redwood Mortgage Investors IX, LLC or its manager:

_____, Member FINRA/SIPC