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RE: Withdrawal from Redwood Mortgage Investors IX, LLC

This discussion has been put together to familiarize Members (“Investors”) with the various liquidation options and procedures for Redwood Mortgage Investors IX, LLC (the “Fund”).

In order to accomplish the primary objectives of the Redwood Mortgage programs, which are:

- yield a high rate of return from mortgage lending,
- preserve and protect the capital of the Fund, and
- generate and distribute cash flow from operations to investors.

We have, as outlined in the prospectus and operating agreement, structured our lending program soundly, with withdrawal provisions to fit this structure.

To earn a high rate of return, all or nearly all of the Fund’s assets must remain fully invested. So, at any one time few assets are invested in low-yielding, liquid investment vehicles such as bank accounts, CD’s or money market type accounts.

The Fund primarily invests in loans secured principally by Bay Area property. Our average loan is written to mature in 3 to 5 years, but in no case longer than 15 years. Once a loan is placed with a borrower, we cannot demand payment until it matures; therefore we must tailor our withdrawal provisions to suit our typical loan portfolio.

Under the Redwood Mortgage Investors IX, LLC operating agreement, redemptions are funded solely from available cash flow and we will not establish a reserve from which to fund redemptions. For this purpose, cash flow is considered to be available only after all current company expenses have been paid and adequate provision has been made for the payment of all monthly cash distributions to members who do not reinvest distributions pursuant to our distribution reinvestment plan. Accordingly, we cannot guarantee that we will have sufficient funds to accommodate all redemption requests made in any given year.

Generally, the withdrawal provisions state:

You have no right to redeem any units for one year after the date the units are purchased. In order to provide a certain degree of liquidity, one year after purchasing your units, you may redeem all or part of your units, subject to certain significant restrictions and limitations. The price paid for redeemed units will be based on the lesser of the purchase price paid by the redeeming member or the member’s capital account balance as of the date of each redemption payment.

Redemption value will be calculated as follows:

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

We will attempt to redeem units quarterly, subject to certain limitations. Notwithstanding the foregoing, with respect to any redemption, the number of units you may redeem per quarter will be subject to a maximum of the greater of 100,000 units or 25% of your units outstanding.

Instructions to redeem units must be in writing, signed by the appropriate party. For those who have IRA assets invested with us, please address your withdrawal requests to the Custodian of your IRA. Upon receipt of your withdrawal request, which must be signed by the Custodian, all checks will be sent to your custodial account. Redemption Request Forms can be found on our web site www.redwoodmortgageinvestors.com.

This memorandum has been written to cover many of the questions that arise when a Member is considering withdrawing from our Redwood Mortgage program. It's not all inclusive. If you have additional questions, please contact us.

Sincerely,



Michael Burwell
General Partner