

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

FORM 10-Q

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

For the Quarterly Period Ended: June 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 1-13759

**REDWOOD TRUST, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Maryland**

(State or Other Jurisdiction of  
Incorporation or Organization)

**68-0329422**

(I.R.S. Employer  
Identification No.)

**One Belvedere Place, Suite 300**

**Mill Valley, California**

(Address of Principal Executive Offices)

**94941**

(Zip Code)

**(415) 389-7373**

(Registrant's Telephone Number, Including Area Code)

**Not Applicable**

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 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, 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   
Non-accelerated filer

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	RWT	New York Stock Exchange
10% Series A Fixed-Rate Reset Cumulative Redeemable Preferred Stock, par value \$0.01 per share	RWT PRA	New York Stock Exchange
9.125% Senior Notes Due 2029	RWTN	New York Stock Exchange
9.0% Senior Notes Due 2029	RWTO	New York Stock Exchange

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$0.01 par value per share

132,215,757 shares outstanding as of August 7, 2024

**REDWOOD TRUST, INC.**  
**2024 FORM 10-Q REPORT**  
**TABLE OF CONTENTS**

		<b>Page</b>
<b>PART I —</b>	<b>FINANCIAL INFORMATION</b>	
Item 1.	Financial Statements	2
	Consolidated Balance Sheets at June 30, 2024 (Unaudited) and December 31, 2023	2
	Consolidated Statements of Income for the Three and Six Months Ended June 30, 2024 and 2023 (Unaudited)	3
	Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2024 and 2023 (Unaudited)	4
	Consolidated Statements of Changes in Stockholders' Equity for the Three and Six Months Ended June 30, 2024 and 2023 (Unaudited)	5
	Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2024 and 2023 (Unaudited)	7
	Notes to Consolidated Financial Statements (Unaudited)	9
	Note 1. Organization	9
	Note 2. Basis of Presentation	9
	Note 3. Summary of Significant Accounting Policies	10
	Note 4. Segment Information	12
	Note 5. Mortgage Banking Activities, Net	17
	Note 6. Fair Value of Financial Instruments	18
	Note 7. Residential Consumer Loans	27
	Note 8. Residential Investor Loans	31
	Note 9. Consolidated Agency Multifamily Loans	37
	Note 10. Real Estate Securities	38
	Note 11. Home Equity Investments (HEI)	44
	Note 12. Other Investments	46
	Note 13. Derivative Financial Instruments	48
	Note 14. Other Assets and Liabilities	52
	Note 15. Principles of Consolidation	63
	Note 16. Asset-Backed Securities Issued	63
	Note 17. Debt Obligations	65
	Note 18. Commitments and Contingencies	68
	Note 19. Equity	70
	Note 20. Earnings Per Share	73
	Note 21. Equity Compensation Plans	74
	Note 22. Operating Expenses	76
	Note 23. Taxes	77
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	78
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	110
Item 4.	Controls and Procedures	110
<b>PART II —</b>	<b>OTHER INFORMATION</b>	
Item 1.	Legal Proceedings	111
Item 1A.	Risk Factors	111
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	111
Item 3.	Defaults Upon Senior Securities	111
Item 4.	Mine Safety Disclosures (Not Applicable)	111
Item 5.	Other Information	111
Item 6.	Exhibits	113
Signatures		115

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

REDWOOD TRUST, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

(In Thousands, except Share Data)  
(Unaudited)

	June 30, 2024	December 31, 2023
<b>ASSETS <sup>(1)</sup></b>		
Residential consumer loans, held-for-sale, at fair value	\$ 962,548	\$ 911,192
Residential consumer loans, held-for-investment, at fair value	8,247,608	6,139,445
Residential investor loans, held-for-sale, at fair value	259,483	180,250
Residential investor loans, held-for-investment, at fair value	4,620,167	5,040,048
Consolidated Agency multifamily loans, at fair value	421,794	425,285
Real estate securities, at fair value	264,401	127,797
Home equity investments, at fair value	574,119	550,436
Other investments	349,906	343,930
Cash and cash equivalents	275,581	293,104
Restricted cash	63,799	75,684
Derivative assets	48,517	14,212
Other assets	403,181	402,944
<b>Total Assets</b>	<b>\$ 16,491,104</b>	<b>\$ 14,504,327</b>
<b>LIABILITIES AND EQUITY <sup>(1)</sup></b>		
<b>Liabilities</b>		
Asset-backed securities issued (includes \$10,975,688 and \$9,151,263 at fair value), net	\$ 11,555,550	\$ 9,811,880
Debt obligations, net	3,414,626	3,239,123
Derivative liabilities	5,954	33,828
Accrued expenses and other liabilities	294,236	216,803
<b>Total liabilities</b>	<b>15,270,366</b>	<b>13,301,634</b>
Commitments and Contingencies (see <i>Note 18</i> )		
<b>Equity</b>		
Preferred stock, par value \$0.01 per share, 2,990,000 shares authorized; 2,800,000 issued and outstanding	66,948	66,948
Common stock, par value \$0.01 per share, 392,010,000 shares authorized; 132,215,757 and 131,485,661 issued and outstanding	1,322	1,315
Additional paid-in capital	2,497,218	2,487,848
Accumulated other comprehensive loss	(47,332)	(57,957)
Cumulative earnings	1,186,701	1,144,412
Cumulative distributions to stockholders	(2,484,119)	(2,439,873)
<b>Total equity</b>	<b>1,220,738</b>	<b>1,202,693</b>
<b>Total Liabilities and Equity</b>	<b>\$ 16,491,104</b>	<b>\$ 14,504,327</b>

(1) Our consolidated balance sheets include assets of consolidated variable interest entities (“VIEs”) that can only be used to settle obligations of these VIEs and liabilities of consolidated VIEs for which creditors do not have recourse to Redwood Trust, Inc. or its affiliates. At June 30, 2024 and December 31, 2023, assets of consolidated VIEs totaled \$12,844,193 and \$10,988,885, respectively. At June 30, 2024 and December 31, 2023, liabilities of consolidated VIEs totaled \$11,866,962 and \$10,096,308, respectively. See *Note 15* for further discussion.

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

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

(In Thousands, except Share Data) (Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Interest Income</b>				
Residential consumer loans	\$ 106,710	\$ 56,751	\$ 193,645	\$ 114,625
Residential investor loans	93,106	98,264	188,141	195,560
Consolidated Agency multifamily loans	4,559	4,697	9,140	9,315
Real estate securities	10,749	6,223	17,029	12,651
Other interest income	10,293	13,046	22,202	25,346
<b>Total interest income</b>	<b>225,417</b>	<b>178,981</b>	<b>430,157</b>	<b>357,497</b>
<b>Interest Expense</b>				
Asset-backed securities issued	(133,429)	(90,093)	(253,688)	(177,558)
Debt obligations	(66,695)	(62,792)	(126,966)	(127,406)
<b>Total interest expense</b>	<b>(200,124)</b>	<b>(152,885)</b>	<b>(380,654)</b>	<b>(304,964)</b>
<b>Net Interest Income</b>	<b>25,293</b>	<b>26,096</b>	<b>49,503</b>	<b>52,533</b>
<b>Non-Interest Income</b>				
Mortgage banking activities, net	18,924	16,552	33,480	33,223
Investment fair value changes, net	1,098	(13,517)	22,935	(17,909)
HEI income, net	15,839	8,921	24,870	13,186
Other income, net	6,293	4,158	10,799	8,714
Realized gains, net	—	1,056	409	1,054
<b>Total non-interest income, net</b>	<b>42,154</b>	<b>17,170</b>	<b>92,493</b>	<b>38,268</b>
General and administrative expenses	(33,284)	(30,805)	(67,853)	(66,360)
Portfolio management costs	(4,864)	(3,100)	(8,461)	(6,610)
Loan acquisition costs	(3,664)	(1,444)	(5,901)	(2,733)
Other expenses	(5,177)	(4,975)	(8,538)	(8,659)
<b>Net Income Before (Provision for) Benefit From Income Taxes</b>	<b>20,458</b>	<b>2,942</b>	<b>51,243</b>	<b>6,439</b>
(Provision for) benefit from income taxes	(4,924)	(69)	(5,447)	1,054
<b>Net Income</b>	<b>\$ 15,534</b>	<b>\$ 2,873</b>	<b>\$ 45,796</b>	<b>\$ 7,493</b>
Dividends on preferred stock	(1,757)	(1,758)	(3,507)	(3,177)
<b>Net Income Available To Common Stockholders</b>	<b>\$ 13,777</b>	<b>\$ 1,115</b>	<b>\$ 42,289</b>	<b>\$ 4,316</b>
Basic earnings per common share	\$ 0.10	\$ —	\$ 0.31	\$ 0.02
Diluted earnings per common share	\$ 0.10	\$ —	\$ 0.31	\$ 0.02
Basic weighted average common shares outstanding	132,115,854	114,051,017	131,843,100	113,830,347
Diluted weighted average common shares outstanding	132,123,702	114,445,262	131,847,024	114,255,292

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

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In Thousands) (Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Net Income</b>	\$ 15,534	\$ 2,873	\$ 45,796	\$ 7,493
Other comprehensive income:				
Net unrealized gain (loss) on available-for-sale securities	1,054	(688)	9,710	4,319
Reclassification of unrealized (gain) loss on available-for-sale securities to net income	(514)	604	(1,143)	411
Reclassification of unrealized loss on interest rate agreements to net income	1,029	1,029	2,058	2,047
Total other comprehensive income	\$ 1,569	\$ 945	\$ 10,625	\$ 6,777
<b>Comprehensive Income</b>	\$ 17,103	\$ 3,818	\$ 56,421	\$ 14,270
Dividends on preferred stock	(1,757)	(1,758)	(3,507)	(3,177)
<b>Comprehensive income available to Common Stockholders</b>	\$ 15,346	\$ 2,060	\$ 52,914	\$ 11,093

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

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**For the Three Months Ended June 30, 2024**

(In Thousands, except Share Data) (Unaudited)	Preferred Stock	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)	Cumulative Earnings	Cumulative Distributions to Stockholders	Total
		Shares	Par Value					
<b>March 31, 2024</b>	\$ 66,948	131,870,835	\$ 1,319	\$ 2,493,856	\$ (48,901)	\$ 1,172,924	\$ (2,461,983)	\$ 1,224,163
Net income	—	—	—	—	—	15,534	—	15,534
Other comprehensive income	—	—	—	—	1,569	—	—	1,569
Employee stock purchase and incentive plans	—	344,922	3	(2,191)	—	—	—	(2,188)
Non-cash equity award compensation and other	—	—	—	5,553	—	—	—	5,553
Preferred dividends declared (\$0.6250 per share)	—	—	—	—	—	(1,757)	—	(1,757)
Common dividends declared (\$0.16 per share) <sup>(1)</sup>	—	—	—	—	—	—	(22,136)	(22,136)
<b>June 30, 2024</b>	<u>\$ 66,948</u>	<u>132,215,757</u>	<u>\$ 1,322</u>	<u>\$ 2,497,218</u>	<u>\$ (47,332)</u>	<u>\$ 1,186,701</u>	<u>\$ (2,484,119)</u>	<u>\$ 1,220,738</u>

**For the Six Months Ended June 30, 2024**

(In Thousands, except Share Data) (Unaudited)	Preferred Stock	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)	Cumulative Earnings	Cumulative Distributions to Stockholders	Total
		Shares	Par Value					
<b>December 31, 2023</b>	\$ 66,948	131,485,661	\$ 1,315	\$ 2,487,848	\$ (57,957)	\$ 1,144,412	\$ (2,439,873)	\$ 1,202,693
Net income	—	—	—	—	—	45,796	—	45,796
Other comprehensive income	—	—	—	—	10,625	—	—	10,625
Employee stock purchase and incentive plans	—	730,096	7	(2,880)	—	—	—	(2,873)
Non-cash equity award compensation	—	—	—	12,250	—	—	—	12,250
Preferred dividends declared (\$1.2500 per share)	—	—	—	—	—	(3,507)	—	(3,507)
Common dividends declared (\$0.32 per share) <sup>(1)</sup>	—	—	—	—	—	—	(44,246)	(44,246)
<b>June 30, 2024</b>	<u>\$ 66,948</u>	<u>132,215,757</u>	<u>\$ 1,322</u>	<u>\$ 2,497,218</u>	<u>\$ (47,332)</u>	<u>\$ 1,186,701</u>	<u>\$ (2,484,119)</u>	<u>\$ 1,220,738</u>

(1) Includes dividends and dividend equivalents declared on common stock and stock-based compensation awards

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

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

**For the Three Months Ended June 30, 2023**

(In Thousands, except Share Data) (Unaudited)	Preferred Stock	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)	Cumulative Earnings	Cumulative Distributions to Stockholders	Total
		Shares	Par Value					
<b>March 31, 2023</b>	\$ 66,923	113,864,456	\$ 1,139	\$ 2,355,139	\$ (63,036)	\$ 1,156,571	\$ (2,379,056)	\$ 1,137,680
Net income	—	—	—	—	—	2,873	—	2,873
Other comprehensive income	—	—	—	—	945	—	—	945
Employee stock purchase and incentive plans	—	313,536	3	(1,664)	—	—	—	(1,661)
Non-cash equity award compensation	—	—	—	5,200	—	—	—	5,200
Preferred dividends declared (\$0.625 per share)	—	—	—	—	—	(1,758)	—	(1,758)
Common dividends declared (\$0.16 per share) <sup>(1)</sup>	—	—	—	—	—	—	(19,141)	(19,141)
<b>June 30, 2023</b>	<u>\$ 66,923</u>	<u>114,177,992</u>	<u>\$ 1,142</u>	<u>\$ 2,358,675</u>	<u>\$ (62,091)</u>	<u>\$ 1,157,686</u>	<u>\$ (2,398,197)</u>	<u>\$ 1,124,138</u>

**For the Six Months Ended June 30, 2023**

(In Thousands, except Share Data) (Unaudited)	Preferred Stock	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)	Cumulative Earnings	Cumulative Distributions to Stockholders	Total
		Shares	Par Value					
<b>December 31, 2022</b>	\$ —	113,484,675	\$ 1,135	\$ 2,349,845	\$ (68,868)	\$ 1,153,370	\$ (2,351,497)	\$ 1,083,985
Net Income	—	—	—	—	—	7,493	—	7,493
Other comprehensive income	—	—	—	—	6,777	—	—	6,777
Employee stock purchase and incentive plans	—	693,317	7	(2,712)	—	—	—	(2,705)
Non-cash equity award compensation	—	—	—	11,542	—	—	—	11,542
Issuance of preferred stock	66,923	—	—	—	—	—	—	66,923
Preferred dividends declared (\$1.22917 per share)	—	—	—	—	—	(3,177)	—	(3,177)
Common dividends declared (\$0.39 per share)	—	—	—	—	—	—	(46,700)	(46,700)
<b>June 30, 2023</b>	<u>\$ 66,923</u>	<u>114,177,992</u>	<u>\$ 1,142</u>	<u>\$ 2,358,675</u>	<u>\$ (62,091)</u>	<u>\$ 1,157,686</u>	<u>\$ (2,398,197)</u>	<u>\$ 1,124,138</u>

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Thousands) (Unaudited)	Six Months Ended June 30,	
	2024	2023
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 45,796	\$ 7,493
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Amortization of premiums, discounts, and debt issuance costs, net	7,823	10,190
Depreciation and amortization of non-financial assets	6,315	7,333
Originations of held-for-sale loans	(653,699)	(360,273)
Purchases of held-for-sale loans	(2,901,465)	(242,235)
Proceeds from sales of held-for-sale loans	619,573	582,346
Principal payments on held-for-sale loans	30,454	38,820
Net settlements of derivatives	(66,475)	(17,235)
Non-cash equity award compensation expense and other	12,250	11,542
Market valuation adjustments	(73,859)	(17,594)
Realized (gains) losses, net	(408)	(1,054)
Net change in:		
Other assets	8,592	3,358
Accrued expenses and other liabilities	44,932	878
Net cash (used in) provided by operating activities	(2,920,171)	23,569
<b>Cash Flows From Investing Activities:</b>		
Originations and purchases of loan investments	(120,341)	(455,665)
Proceeds from sales of loans	52,163	—
Principal payments on loan investments	1,049,264	725,687
Purchases of real estate securities	(111,060)	(9,855)
Proceeds from sales of real estate securities	—	98,338
Principal payments on real estate securities	669	637
Repayments from servicer advance investments, net	8,959	37,268
Purchases of HEI	(606)	(25,513)
Repayments on HEI	27,272	17,031
Other investing activities, net	(4,541)	(1,677)
Net cash provided by investing activities	901,779	386,251
<b>Cash Flows From Financing Activities:</b>		
Proceeds from borrowings on debt obligations	3,910,021	1,345,019
Repayments on debt obligations	(3,723,966)	(1,838,761)
Proceeds from issuance of asset-backed securities	2,600,015	635,081
Repayments on asset-backed securities issued	(732,726)	(446,451)
Debt issuance costs paid	(13,734)	(1,329)
Taxes paid on equity award distributions	(3,106)	(3,017)
Net proceeds from issuance of common stock	233	312
Net proceeds from issuance of preferred stock	—	66,923
Dividends paid on common stock	(44,246)	(46,700)
Dividends paid on preferred stock	(3,507)	(1,699)
Other financing activities, net	—	(1,720)
Net cash provided by (used in) financing activities	1,988,984	(292,342)
Net (decrease) increase in cash, cash equivalents and restricted cash	(29,408)	117,478
Cash, cash equivalents and restricted cash at beginning of period	368,788	329,364
Cash, cash equivalents and restricted cash at end of period	\$ 339,380	\$ 446,842
Cash and cash equivalents at end of period	275,581	357,308
Restricted cash at end of period	63,799	89,534
Cash, cash equivalents and restricted cash at end of period	\$ 339,380	\$ 446,842



**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

(In Thousands) (Unaudited)	Six Months Ended June 30,	
	2024	2023
<b>Supplemental Cash Flow Information:</b>		
Cash paid during the period for:		
Interest	\$ 366,088	\$ 287,699
Taxes refunded	(370)	(1,049)
<b>Supplemental Noncash Information:</b>		
Dividends declared but not paid on preferred stock	1,478	1,478
Retention of mortgage servicing rights from loan sales	84	—
Transfers from loans held-for-sale to loans held-for-investment	2,818,171	1,137,194
Transfers from residential consumer loans to real estate owned	13,833	11,874
Right-of-use asset obtained in exchange for operating lease liability	—	337
Reduction in operating lease liability due to lease modification	—	274

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

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 1. Organization**

Redwood Trust, Inc., together with its subsidiaries, is a specialty finance company focused on several distinct areas of housing credit, with a mission to help make quality housing, whether rented or owned, accessible to all American households. Our operating platforms occupy a unique position in the housing finance value chain, providing liquidity to growing segments of the U.S. housing market not well served by government programs. We deliver customized housing credit investments to a diverse mix of investors through our best-in-class securitization platforms, whole-loan distribution activities and our publicly-traded securities. Our aggregation, origination and investment activities have evolved to incorporate a diverse mix of residential consumer and residential investor housing credit assets. Our goal is to provide attractive returns to shareholders through a stable and growing stream of earnings and dividends, capital appreciation, and a commitment to technological innovation that facilitates risk-minded scale. We operate our business in three segments: Residential Consumer Mortgage Banking, Residential Investor Mortgage Banking and Investment Portfolio.

Our primary sources of income are net interest income from our investments and non-interest income from our mortgage banking activities. Net interest income primarily consists of the interest income we earn on investments less the interest expense we incur on borrowed funds and other liabilities. Income from mortgage banking activities is generated through the origination and acquisition of loans, and their subsequent sale, securitization, or transfer to our investment portfolios.

Redwood Trust, Inc. has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), beginning with its taxable year ended December 31, 1994. We generally refer, collectively, to Redwood Trust, Inc. and those of its subsidiaries that are generally not subject to subsidiary-level corporate income tax as "the REIT" or "our REIT." We generally refer to subsidiaries of Redwood Trust, Inc. that are subject to subsidiary-level corporate income tax as "our taxable REIT subsidiaries" or "TRS."

Redwood Trust, Inc. was incorporated in the State of Maryland on April 11, 1994, and commenced operations on August 19, 1994. References herein to "Redwood," the "company," "we," "us," and "our" include Redwood Trust, Inc. and its consolidated subsidiaries, unless the context otherwise requires. For a full description of our business, see *Part I, Item 1—Business* in our Annual Report on Form 10-K for the year ended December 31, 2023.

**Note 2. Basis of Presentation**

The consolidated financial statements presented herein are at June 30, 2024 and December 31, 2023, and for the three and six months ended June 30, 2024 and 2023. These interim unaudited consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in our annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") — as prescribed by the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") — have been condensed or omitted in these interim financial statements according to these SEC rules and regulations. Management believes that the disclosures included in these interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. In the opinion of management, all normal and recurring adjustments have been made to present fairly the financial condition of the Company at June 30, 2024 and results of operations for all periods presented. The results of operations for the three and six months ended June 30, 2024 should not be construed as indicative of the results to be expected for the full year.

In the first quarter of 2024, we updated the names of our Residential loans to Residential consumer loans and our Business purpose loans to Residential investor loans. There were no changes to the classifications of account balances as a result of these updates. In names. All prior period references in this document were conformed to this presentation.

In the second quarter of 2024, we combined the presentation of Short-term and Long-term debt within Debt obligations, net and Goodwill and Intangible assets within Other assets on the consolidated balance sheets and consolidated statements of income, as applicable. There was no impact to the consolidated financial statements as a result of this change and all prior periods in this document were conformed to this presentation.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 2. Basis of Presentation - (continued)**

***Principles of Consolidation***

The consolidated financial statements include the accounts of the entities where the Company has a controlling financial interest. The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity ("VOE") or a variable interest entity ("VIE").

A VOE is an entity that has sufficient equity and in which equity investors have a controlling financial interest. The usual condition for a controlling financial interest in a VOE is ownership of a majority voting interest. If the Company has a controlling majority voting interest in a VOE, the entity is consolidated.

A VIE is an entity that lacks one or more of the characteristics of a VOE. The Company has a controlling financial interest in and consolidates a VIE when the firm has a variable interest or interests that provide it with (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE or the right to receive benefits for the VIE that could potentially be significant to the VIE. See *Note 15* for further information about VIEs.

For financial reporting purposes, we consolidate the assets and liabilities of certain entities formed in connection with the securitization of our loans and home equity investments ("HEI"), which we have determined to be VIEs and in which we have a controlling financial interest. The underlying loans owned at the consolidated securitization entities are shown under Residential consumer loans and Residential investor loans, at fair value on our consolidated balance sheets. The underlying HEI at the consolidated HEI securitization entities are shown under Home equity investments, at fair value on our consolidated balance sheets. See *Note 11* for further discussion on HEI. The asset-backed securities ("ABS") issued to third parties by these entities are shown under ABS issued. In our consolidated statements of income, we record interest income on the loans owned at these entities and interest expense on the ABS issued by these entities as well as fair value changes, other income and expenses associated with these entities' activities. See *Note 16* for further discussion on ABS issued.

We also consolidate two partnerships ("Servicing Investment" entities) through which we have invested in servicing-related assets. We maintain an 80% ownership interest in each entity and have determined that we are the primary beneficiary of these partnerships.

See *Note 15* for further discussion on Principles of consolidation.

***Use of Estimates***

The preparation of financial statements requires us to make a number of significant estimates. These include estimates of fair value of certain assets and liabilities, amounts and timing of credit losses, prepayment rates, valuation allowances, and other estimates that affect the reported amounts of certain assets and liabilities as of the date of the consolidated financial statements and the reported amounts of certain revenues and expenses during the reported periods. It is likely that changes in these estimates (e.g., valuation changes due to supply and demand, credit performance, prepayments, interest rates, or other reasons) will occur in the near term. Our estimates are inherently subjective in nature and actual results could differ from our estimates and the differences could be material.

**Note 3. Summary of Significant Accounting Policies**

***Significant Accounting Policies***

Included in *Note 3* to the Consolidated Financial Statements of our Annual Report on Form 10-K for the year ended December 31, 2023 is a summary of our significant accounting policies.

***Recent Accounting Pronouncements***

***Newly Adopted Accounting Standard Updates ("ASUs")***

In December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848) - Deferral of the Sunset Date of Topic 848." This new guidance defers the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The objective of the guidance in Topic 848 is to provide temporary relief during the transition period. Through June 30, 2024, we had not elected to apply the optional expedients and exceptions to any of our existing contracts, hedging relationships, or other transactions. At June 30, 2024, we had no remaining LIBOR-indexed financial assets or liabilities.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 3. Summary of Significant Accounting Policies - (continued)**

*Other Recent Accounting Pronouncements Pending Adoption*

In August 2023, the FASB issued ASU 2023-05, "Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement." ASU 2023-05 requires a joint venture, upon formation, to initially measure its assets and liabilities at fair value. This generally aligns the treatment to be consistent with the guidance for business combinations. This new guidance is effective for all joint venture entities with a formation date on or after January 1, 2025, with early adoption permitted. Joint ventures formed prior to the adoption date may elect to apply the new guidance retrospectively back to their original formation date. We expect that this new guidance will not have a material impact on our consolidated financial statements and plan to adopt this new guidance by the required date.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." ASU 2023-07 expands the breadth and frequency of segment disclosures by requiring disclosures of significant segment expenses regularly provided to the Chief Operating Decision Maker ("CODM") and included within the reported measures of a segment's profit or loss. Other disclosure requirements involve the amount and composition of other segment items and how the CODM uses the reported measures of profit or loss to assess segment performance and to decide how to allocate resources. The ASU does not change how a public entity identifies its operating segments, aggregates those operating segments or applies the quantitative thresholds to determine its reportable segments. This new guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. We expect that this new guidance will result in additional disclosures in our consolidated financial statements and plan to adopt this new guidance by the required date.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." ASU 2023-09 improves the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the effective tax rate reconciliation disclosures. Additionally, income taxes paid are required to be disaggregated by jurisdiction, along with other amendments to enhance the effectiveness of income tax disclosures. This new guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted and upon adoption, the guidance can be adopted on a prospective or retrospective basis. We expect that this new guidance will result in additional disclosures in our consolidated financial statements and plan to adopt this new guidance by the required date.

In March 2024, the FASB issued ASU 2024-01, "Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards." ASU 2024-01 provides clarification for determining whether a profits interest award should be accounted for as a share-based payment arrangement or other compensation. This new guidance is effective for annual and interim periods beginning after December 15, 2024. Early adoption is permitted and upon adoption, the guidance can be adopted on a prospective or retrospective basis. We expect that this new guidance will not have a material impact on our consolidated financial statements and plan to adopt this new guidance by the required date.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024**  
(Unaudited)

**Note 4. Segment Information**

Redwood operates in three segments: Residential Consumer Mortgage Banking, Residential Investor Mortgage Banking and Investment Portfolio. The accounting policies of the reportable segments are the same as those described in *Note 3 — Summary of Significant Accounting Policies*. For a full description of our segments, see *Part I, Item 1—Business* in our Annual Report on Form 10-K for the year ended December 31, 2023. In the normal course of business, loans are originated and acquired at our mortgage banking segments and may subsequently be transferred to our investment portfolio segment either as whole loans or through the retention of securities from securitizations we sponsor and consolidate under GAAP. All of our loans are accounted for under the fair value option and amounts transferred between segments are accounted for at fair value at the time of transfer.

Segment contribution represents the measure of profit that management uses to assess the performance of our business segments and make resource allocation and operating decisions. Certain corporate expenses not directly assigned or allocated to one of our three segments are included in the Corporate/Other column as reconciling items to our consolidated financial statements. These unallocated corporate expenses primarily include interest expense for our convertible notes and trust preferred securities (and in 2024 and 2023, realized gains from the repurchase of convertible notes), indirect general and administrative expenses and other expenses.

The following tables present financial information by segment for the three and six months ended June 30, 2024 and 2023.

**Table 4.1 – Business Segment Financial Information**

(In Thousands)	Three Months Ended June 30, 2024				
	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Investment Portfolio	Corporate/ Other	Total
Interest income	\$ 21,097	\$ 7,008	\$ 196,742	\$ 570	\$ 225,417
Interest expense	(9,922)	(5,504)	(166,812)	(17,886)	(200,124)
<b>Net interest income (expense)</b>	<b>11,175</b>	<b>1,504</b>	<b>29,930</b>	<b>(17,316)</b>	<b>25,293</b>
<b>Non-interest income (loss)</b>					
Mortgage banking activities, net	6,245	12,679	—	—	18,924
Investment fair value changes, net	—	—	2,548	(1,450)	1,098
HEI income, net	—	—	15,839	—	15,839
Other income, net	—	1,174	5,120	(1)	6,293
Realized gains, net	—	—	—	—	—
<b>Total non-interest income (loss), net</b>	<b>6,245</b>	<b>13,853</b>	<b>23,507</b>	<b>(1,451)</b>	<b>42,154</b>
General and administrative expenses	(4,957)	(9,677)	(641)	(18,009)	(33,284)
Portfolio management costs	—	—	(4,834)	(30)	(4,864)
Loan acquisition costs	(980)	(2,433)	(244)	(7)	(3,664)
Other expenses	—	(2,203)	(2,974)	—	(5,177)
(Provision for) benefit from income taxes	(1,560)	(449)	(2,914)	(1)	(4,924)
<b>Segment Contribution</b>	<b>\$ 9,923</b>	<b>\$ 595</b>	<b>\$ 41,830</b>	<b>\$ (36,814)</b>	
<b>Net Income</b>					<b>\$ 15,534</b>
Non-cash amortization (expense), net	\$ (313)	\$ (2,426)	\$ (203)	\$ (2,881)	\$ (5,823)

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 4. Segment Information - (continued)**

(In Thousands)	Six Months Ended June 30, 2024				
	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Investment Portfolio	Corporate/ Other	Total
Interest income	\$ 35,409	\$ 10,779	\$ 381,640	\$ 2,329	\$ 430,157
Interest expense	(18,188)	(8,381)	(322,110)	(31,975)	(380,654)
<b>Net interest income (expense)</b>	<b>17,221</b>	<b>2,398</b>	<b>59,530</b>	<b>(29,646)</b>	<b>49,503</b>
<b>Non-interest income (loss)</b>					
Mortgage banking activities, net	14,072	19,408	—	—	33,480
Investment fair value changes, net	—	—	23,735	(800)	22,935
HEI income, net	—	—	24,870	—	24,870
Other income, net	—	1,800	9,945	(946)	10,799
Realized gains, net	—	—	314	95	409
<b>Total non-interest income (loss), net</b>	<b>14,072</b>	<b>21,208</b>	<b>58,864</b>	<b>(1,651)</b>	<b>92,493</b>
General and administrative expenses	(9,746)	(21,102)	(2,816)	(34,189)	(67,853)
Portfolio management costs	—	—	(8,422)	(39)	(8,461)
Loan acquisition costs	(1,551)	(4,097)	(244)	(9)	(5,901)
Other expenses	—	(5,008)	(3,530)	—	(8,538)
(Provision for) benefit from income taxes	(3,054)	1,687	(4,060)	(20)	(5,447)
<b>Segment Contribution</b>	<b>\$ 16,942</b>	<b>\$ (4,914)</b>	<b>\$ 99,322</b>	<b>\$ (65,554)</b>	
<b>Net Income</b>					<b>\$ 45,796</b>
Non-cash amortization (expense), net	\$ (597)	\$ (5,499)	\$ (3,220)	\$ (4,821)	\$ (14,137)

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 4. Segment Information - (continued)**

<b>(In Thousands)</b>	<b>Three Months Ended June 30, 2023</b>				
	<b>Residential Consumer Mortgage Banking</b>	<b>Residential Investor Mortgage Banking</b>	<b>Investment Portfolio</b>	<b>Corporate/ Other</b>	<b>Total</b>
Interest income	\$ 2,434	\$ 4,397	\$ 169,343	\$ 2,807	\$ 178,981
Interest expense	(1,700)	(3,673)	(132,514)	(14,998)	(152,885)
<b>Net interest income (expense)</b>	<b>734</b>	<b>724</b>	<b>36,829</b>	<b>(12,191)</b>	<b>26,096</b>
<b>Non-interest income (loss)</b>					
Mortgage banking activities, net	7,061	9,491	—	—	16,552
Investment fair value changes, net	—	—	(10,768)	(2,749)	(13,517)
HEI income, net	—	—	8,921	—	8,921
Other income, net	—	1,076	4,013	(931)	4,158
Realized gains, net	—	—	949	107	1,056
<b>Total non-interest income (loss), net</b>	<b>7,061</b>	<b>10,567</b>	<b>3,115</b>	<b>(3,573)</b>	<b>17,170</b>
General and administrative expenses	(3,738)	(11,638)	(1,241)	(14,188)	(30,805)
Portfolio management costs	—	—	(3,087)	(13)	(3,100)
Loan acquisition costs	(149)	(1,295)	—	—	(1,444)
Other expenses	—	(3,107)	(1,868)	—	(4,975)
(Provision for) Benefit from income taxes	(707)	1,406	(1,465)	697	(69)
<b>Segment Contribution</b>	<b>\$ 3,201</b>	<b>\$ (3,343)</b>	<b>\$ 32,283</b>	<b>\$ (29,268)</b>	
<b>Net Income</b>					<b>\$ 2,873</b>
Non-cash amortization (expense), net	(292)	(3,333)	(1,857)	(2,086)	(7,568)

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 4. Segment Information - (continued)**

(In Thousands)	Six Months Ended June 30, 2023				
	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Investment Portfolio	Corporate/ Other	Total
Interest income	\$ 7,944	\$ 8,891	\$ 335,546	\$ 5,116	\$ 357,497
Interest expense	(8,566)	(7,711)	(258,470)	(30,217)	(304,964)
<b>Net interest income (expense)</b>	<b>(622)</b>	<b>1,180</b>	<b>77,076</b>	<b>(25,101)</b>	<b>52,533</b>
<b>Non-interest income (loss)</b>					
Mortgage banking activities, net	10,426	22,797	—	—	33,223
Investment fair value changes, net	1,076	—	(16,141)	(2,844)	(17,909)
HEI income, net	—	—	13,186	—	13,186
Other income, net	—	3,484	6,181	(951)	8,714
Realized gains, net	—	—	832	222	1,054
<b>Total non-interest income (loss), net</b>	<b>11,502</b>	<b>26,281</b>	<b>4,058</b>	<b>(3,573)</b>	<b>38,268</b>
General and administrative expenses	(8,544)	(25,316)	(2,650)	(29,850)	(66,360)
Portfolio management costs	—	—	(6,597)	(13)	(6,610)
Loan acquisition costs	(324)	(2,409)	—	—	(2,733)
Other expenses	—	(6,215)	(2,444)	—	(8,659)
(Provision for) Benefit from income taxes	(74)	2,109	(1,678)	697	1,054
<b>Segment Contribution</b>	<b>\$ 1,938</b>	<b>\$ (4,370)</b>	<b>\$ 67,765</b>	<b>\$ (57,840)</b>	
<b>Net Income</b>					<b>\$ 7,493</b>
Non-cash amortization (expense), net	(547)	(7,035)	(4,690)	(4,193)	(16,465)



**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 4. Segment Information - (continued)**

The following table presents supplemental balance sheet information by segment at June 30, 2024 and December 31, 2023. Certain balance sheet accounts are not directly assigned or allocated to one of our three segments and are not reflected in the supplemental segment information provided below.

**Table 4.2 – Supplemental Segment Information**

(In Thousands)	Residential Consumer Mortgage Banking	Residential Investor Mortgage Banking	Investment Portfolio	Corporate/ Other	Total
<b>June 30, 2024</b>					
Residential consumer loans	\$ 962,548	\$ —	\$ 8,247,608	\$ —	\$ 9,210,156
Residential investor loans	—	259,483	4,620,167	—	4,879,650
Consolidated Agency multifamily loans	—	—	421,794	—	421,794
Real estate securities	75,489	—	188,912	—	264,401
Home equity investments	—	—	573,400	719	574,119
Other investments	—	—	290,876	59,030	349,906
Goodwill	—	23,373	—	—	23,373
Intangible assets	—	23,454	—	—	23,454
Total assets	\$ 1,106,416	\$ 371,876	\$ 14,649,885	\$ 362,927	\$ 16,491,104
<b>December 31, 2023</b>					
Residential consumer loans	\$ 911,192	\$ —	\$ 5,999,706	\$ 139,739	\$ 7,050,637
Residential investor loans	—	180,250	5,040,048	—	5,220,298
Consolidated Agency multifamily loans	—	—	425,285	—	425,285
Real estate securities	4,995	—	122,802	—	127,797
Home equity investments	—	—	550,323	113	550,436
Other investments	—	—	287,822	56,108	343,930
Goodwill	—	23,373	—	—	23,373
Intangible assets	—	28,462	—	—	28,462
Total assets	\$ 971,535	\$ 293,225	\$ 12,718,201	\$ 521,366	\$ 14,504,327

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 5. Mortgage Banking Activities, Net**

The following table presents the components of Mortgage banking activities, net, recorded in our consolidated statements of income for the three and six months ended June 30, 2024 and 2023.

**Table 5.1 – Mortgage Banking Activities**

(In Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Residential Consumer Mortgage Banking Activities, Net:</b>				
Changes in fair value of:				
Residential consumer loans, at fair value <sup>(1)</sup>	\$ 14,305	\$ 1,335	\$ 10,451	\$ 8,090
Trading securities <sup>(2)</sup>	2,611	1,923	11,122	1,923
Risk management derivatives <sup>(3)</sup>	(12,019)	2,469	(8,930)	(902)
Other income, net <sup>(4)</sup>	1,348	1,334	1,429	1,315
<b>Total residential consumer mortgage banking activities, net</b>	<b>6,245</b>	<b>7,061</b>	<b>14,072</b>	<b>10,426</b>
<b>Residential Investor Mortgage Banking Activities, Net:</b>				
Changes in fair value of:				
Residential investor term loans, at fair value	6,068	(1,132)	5,772	11,534
Residential investor bridge loans, at fair value	1,108	2,297	2,054	3,450
Risk management derivatives <sup>(3)</sup>	(368)	2,957	2,141	(2,139)
Other income, net <sup>(5)</sup>	5,871	5,369	9,441	9,952
<b>Total residential investor mortgage banking activities, net</b>	<b>12,679</b>	<b>9,491</b>	<b>19,408</b>	<b>22,797</b>
<b>Mortgage Banking Activities, Net</b>	<b>\$ 18,924</b>	<b>\$ 16,552</b>	<b>\$ 33,480</b>	<b>\$ 33,223</b>

(1) Includes changes in fair value for associated loan purchase commitments for residential consumer loans.

(2) For the three and six months ended June 30, 2024 and 2023, this represents the fair value changes on trading securities being used as hedges to manage the mark-to-market risks associated with our Residential Consumer Mortgage Banking operations.

(3) Represents market valuation changes of derivatives that were used to manage risks associated with our mortgage banking operations and other derivative financial instruments such as loan purchase commitments and interest rate locks.

(4) Amounts in this line item include other fee income from loan acquisitions, and provisions for repurchases, presented net.

(5) Amounts in this line item include other fee income from loan originations.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 6. Fair Value of Financial Instruments**

For financial reporting purposes, we follow a fair value hierarchy established under GAAP that is used to determine the fair value of financial instruments. This hierarchy prioritizes relevant market inputs in order to determine an “exit price” at the measurement date, or the price at which an asset could be sold or a liability could be transferred in an orderly process that is not a forced liquidation or distressed sale. Level 1 inputs are observable inputs that reflect quoted prices for identical assets or liabilities in active markets. Level 2 inputs are observable inputs other than quoted prices for an asset or liability that are obtained through corroboration with observable market data. Level 3 inputs are unobservable inputs (e.g., our own data or assumptions) that are used when there is little, if any, relevant market activity for the asset or liability required to be measured at fair value.

In certain cases, inputs used to measure fair value fall into different levels of the fair value hierarchy. In such cases, the level at which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. Our assessment of the significance of a particular input requires judgment and considers factors specific to the asset or liability being measured.

***Determination of Fair Value***

Included in *Note 5* to the Consolidated Financial Statements of our Annual Report on Form 10-K for the year ended December 31, 2023 is a more detailed description of our financial instruments measured at fair value and their significant inputs, as well as the general classification of such instruments pursuant to the Level 1, Level 2, and Level 3 valuation hierarchy. At June 30, 2024, our valuation policy and processes had not changed from those described in our Annual Report on Form 10-K for the year ended December 31, 2023.

Certain of our Other investments (inclusive of strategic investments in early-stage companies) are Level 3 financial instruments that we account for under the fair value option. These investments generally take the form of equity or debt with conversion features and do not have readily determinable fair values. We initially record these investments at cost and adjust their fair value based on observable price changes, such as follow-on capital raises by these companies or secondary sales of these, or similar, equity or debt instruments, and will also evaluate impacts to valuation from changing market conditions and underlying business performance. As of June 30, 2024, the carrying value of these investments was \$3 million. See *Note 12* for further discussion on Other Investments.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 6. Fair Value of Financial Instruments - (continued)**

The following table presents the assets and liabilities that are reported at fair value on our consolidated balance sheets on a recurring basis at June 30, 2024 and December 31, 2023, as well as the fair value hierarchy of the valuation inputs used to measure fair value.

*Table 6.1 – Assets and Liabilities Measured at Fair Value on a Recurring Basis*

<b>June 30, 2024</b>	<b>Fair Value Measurements Using</b>			
<b>(In Thousands)</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>				
Residential consumer loans	\$ 9,210,156	\$ —	\$ —	\$ 9,210,156
Residential investor loans	4,879,650	—	—	4,879,650
Consolidated Agency multifamily loans	421,794	—	—	421,794
Real estate securities	264,401	—	—	264,401
HEI	574,119	—	—	574,119
Servicer advance investments	227,363	—	—	227,363
MSRs	28,653	—	—	28,653
Excess MSRs	34,754	—	—	34,754
Other investments	3,065	—	—	3,065
Derivative assets	48,517	2,235	40,298	5,984
<b>Liabilities</b>				
HEI securitization non-controlling interest	\$ 72,260	\$ —	\$ —	\$ 72,260
Derivative liabilities	5,954	3,640	—	2,314
ABS issued	10,975,688	—	—	10,975,688
<b>December 31, 2023</b>				
<b>(In Thousands)</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>				
Residential consumer loans	\$ 7,050,637	\$ —	\$ —	\$ 7,050,637
Residential investor loans	5,220,297	—	—	5,220,297
Consolidated Agency multifamily loans	425,285	—	—	425,285
Real estate securities	127,797	—	—	127,797
HEI	550,436	—	—	550,436
Servicer advance investments	225,345	—	—	225,345
MSRs	24,877	—	—	24,877
Excess MSRs	37,367	—	—	37,367
Other investments	3,193	—	—	3,193
Derivative assets	14,212	952	1,742	11,518
<b>Liabilities</b>				
HEI securitization non-controlling interest	\$ 59,752	\$ —	\$ —	\$ 59,752
Derivative liabilities	33,828	30,414	—	3,414
ABS issued	9,151,263	—	—	9,151,263

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 6. Fair Value of Financial Instruments - (continued)**

The following table presents additional information about Level 3 assets and liabilities measured at fair value on a recurring basis for the six months ended June 30, 2024.

**Table 6.2 – Changes in Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis**

<b>Assets</b>									
<b>(In Thousands)</b>	<b>Residential Consumer Loans</b>	<b>Residential Investor Loans</b>	<b>Consolidated Agency Multifamily Loans</b>	<b>Trading Securities</b>	<b>AFS Securities</b>	<b>HEI</b>	<b>Servicer Advance Investments</b>	<b>Excess MSR</b>	<b>MSRs and Other Investments</b>
Beginning balance - December 31, 2023	\$ 7,050,637	\$ 5,220,297	\$ 425,285	\$ 40,424	\$ 87,373	\$ 550,436	\$ 225,345	\$ 37,367	\$ 28,070
Acquisitions	2,907,602	16,325	—	63,618	47,442	606	—	—	185
Originations	—	755,826	—	—	—	—	—	—	—
Sales	(205,016)	(467,797)	—	—	—	—	—	—	—
Principal paydowns	(441,219)	(634,224)	(1,022)	(476)	(175)	(27,182)	(8,959)	—	(128)
Gains (losses) in net income, net	(100,547)	2,305	(2,469)	16,058	429	50,259	10,977	(2,613)	3,691
Unrealized gains in OCI, net	—	—	—	—	9,708	—	—	—	—
Other settlements, net <sup>(1)</sup>	(1,301)	(13,082)	—	—	—	—	—	—	(100)
<b>Ending balance - June 30, 2024</b>	<b>\$ 9,210,156</b>	<b>\$ 4,879,650</b>	<b>\$ 421,794</b>	<b>\$ 119,624</b>	<b>\$ 144,777</b>	<b>\$ 574,119</b>	<b>\$ 227,363</b>	<b>\$ 34,754</b>	<b>\$ 31,718</b>

  

<b>Liabilities</b>			
<b>(In Thousands)</b>	<b>Derivatives <sup>(2)</sup></b>	<b>HEI Securitization Non- Controlling Interest</b>	<b>ABS Issued</b>
Beginning balance - December 31, 2023	\$ 8,104	\$ 59,752	\$ 9,151,263
Acquisitions	—	—	2,600,015
Sales	—	—	(1,341)
Principal paydowns	—	—	(648,108)
Gains (losses) in net income, net	1,137	12,508	(126,141)
Other settlements, net <sup>(1)</sup>	(5,571)	—	—
<b>Ending balance - June 30, 2024</b>	<b>\$ 3,670</b>	<b>\$ 72,260</b>	<b>\$ 10,975,688</b>

(1) Other settlements, net: for residential consumer and residential investor loans, represents the transfer of loans to REO; for derivatives, represents the transfer of the fair value of loan purchase and interest rate lock commitments at the time loans are acquired to the basis of residential consumer and residential investor loans; and for mortgage servicing rights ("MSRs") and other investments, primarily represents an investment that was exchanged into a new instrument that is no longer measured at fair value on a recurring basis.

(2) For the purpose of this presentation, derivative assets and liabilities, which consist of loan purchase commitments, are presented on a net basis.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 6. Fair Value of Financial Instruments - (continued)**

The following table presents the portion of fair value gains or losses included in our consolidated statements of income that were attributable to Level 3 assets and liabilities recorded at fair value on a recurring basis and held at June 30, 2024 and 2023. Gains or losses incurred on assets or liabilities sold, matured, called, or fully written down during the three and six months ended June 30, 2024 and 2023 are not included in this presentation.

*Table 6.3 – Portion of Net Fair Value Gains (Losses) Attributable to Level 3 Assets and Liabilities Still Held at June 30, 2024 and June 30, 2023 Included in Net Income*

<b>(In Thousands)</b>	<b>Included in Net Income (loss)</b>			
	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Assets</b>				
Residential consumer loans at Redwood	\$ 3,179	\$ (680)	\$ 3,103	\$ (466)
Residential investor loans	(11,316)	(23,033)	(13,622)	(17,877)
Net investments in consolidated Sequoia entities <sup>(1)</sup>	2,690	170	9,600	2,519
Net investments in consolidated Freddie Mac SLST entities <sup>(1)</sup>	(5,176)	(16,760)	(1,810)	(8,001)
Net investments in consolidated Freddie Mac K-Series entities <sup>(1)</sup>	452	385	695	748
Net investments in consolidated CAFL Term entities <sup>(1)</sup>	7,491	10,707	17,741	1,897
Net investment in consolidated HEI securitization entities <sup>(1)</sup>	4,176	1,251	7,065	2,445
Trading securities	1,582	1,829	16,087	3,073
Available-for-sale securities	514	(71)	1,143	(99)
HEI at Redwood	5,151	7,676	11,109	11,053
Servicer advance investments	11,611	3,665	10,977	2,313
MSRs	1,633	1,692	4,311	1,278
Excess MSRs	(1,368)	1,070	(2,614)	842
Loan purchase commitments	5,978	3,442	5,985	3,442
<b>Liabilities</b>				
Loan purchase commitments	\$ (2,314)	\$ (1,396)	\$ (2,314)	\$ (1,396)

(1) Represents the portion of net fair value gains or losses included in our consolidated statements of income related to securitized loans, securitized Home Equity Investments ("HEI"), and the associated ABS issued at our consolidated securitization entities held at June 30, 2024 and June 30, 2023, which, netted together, represent the change in value of our investments at the consolidated VIEs under the CFE election, excluding REO.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 6. Fair Value of Financial Instruments - (continued)**

The following table presents the net market valuation gains and losses recorded in each line item of our consolidated statements of income for the three and six months ended June 30, 2024 and 2023.

**Table 6.4 – Market Valuation Gains and Losses, Net**

(In Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Mortgage Banking Activities, Net</b>				
Residential consumer loans held-for-sale	\$ 6,535	\$ (1,085)	\$ 9,032	\$ 5,909
Residential consumer loan purchase commitments	7,770	2,420	1,419	2,181
Residential investor term loans held-for-sale	5,957	(1,132)	5,661	11,534
Residential investor term loan interest rate lock commitments	111	—	111	—
Residential investor bridge loans	1,108	2,297	2,054	3,450
Trading securities <sup>(1)</sup>	2,611	1,923	11,122	1,923
Risk management derivatives, net	(12,386)	5,426	(6,788)	(3,041)
<b>Total mortgage banking activities, net <sup>(2)</sup></b>	<b>\$ 11,706</b>	<b>\$ 9,849</b>	<b>\$ 22,611</b>	<b>\$ 21,956</b>
<b>Investment Fair Value Changes, Net</b>				
Residential consumer loans held-for-investment, at Redwood (called Sequoia loans)	\$ —	\$ —	\$ —	\$ 183
Residential investor term loans held-for-sale	(337)	(13,625)	(1,337)	(13,625)
Residential investor bridge loans held-for-investment	(13,992)	(8,149)	(17,210)	(6,773)
Trading securities	621	4,572	4,802	6,533
Servicer advance investments	11,611	3,665	10,977	2,313
Excess MSR	(1,368)	1,070	(2,613)	842
Net investments in Sequoia entities <sup>(3)</sup>	2,690	918	9,600	3,266
Net investments in Freddie Mac SLST entities <sup>(3)</sup>	(5,137)	(16,563)	(1,407)	(7,629)
Net investment in Freddie Mac K-Series entity <sup>(3)</sup>	452	385	695	748
Net investments in CAFL entities <sup>(3)</sup>	7,491	10,707	17,742	1,897
Other investments	(3,991)	(3,359)	(6,382)	(3,794)
Risk management derivatives, net	2,544	7,679	6,925	(1,025)
Credit recoveries (losses) on AFS securities	514	(71)	1,143	(99)
Other	—	(746)	—	(746)
<b>Total investment fair value changes, net</b>	<b>\$ 1,098</b>	<b>\$ (13,517)</b>	<b>\$ 22,935</b>	<b>\$ (17,909)</b>
<b>HEI income, Net</b>				
HEI at Redwood	\$ 11,663	\$ 8,468	\$ 17,806	\$ 12,308
Net investments in HEI securitization entities <sup>(3)</sup>	4,176	453	7,064	878
<b>Total HEI income, net</b>	<b>\$ 15,839</b>	<b>\$ 8,921</b>	<b>\$ 24,870</b>	<b>\$ 13,186</b>
<b>Other Income</b>				
MSRs	\$ 1,227	\$ 1,411	\$ 3,691	\$ 821
Other	(31)	(340)	(248)	(460)
<b>Total other income <sup>(4)</sup></b>	<b>\$ 1,196</b>	<b>\$ 1,071</b>	<b>\$ 3,443</b>	<b>\$ 361</b>
<b>Total Market Valuation Gains, Net</b>	<b>\$ 29,839</b>	<b>\$ 6,324</b>	<b>\$ 73,859</b>	<b>\$ 17,594</b>

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 6. Fair Value of Financial Instruments - (continued)**

Footnotes to Table 6.4

- (1) Represents fair value changes on trading securities that are being used along with risk management derivatives to manage the market risks associated with our Residential Consumer Mortgage Banking operations.
- (2) Mortgage banking activities, net presented above does not include fee income from loan originations or acquisitions, provisions for repurchases, or other expenses that are components of Mortgage banking activities, net presented on our consolidated statements of income, as these amounts do not represent market valuation changes.
- (3) Includes changes in fair value of the residential consumer loans held-for-investment, securitized HEI, REO and the ABS issued at the entities, which, netted together, represent the change in value of our investments at the consolidated VIEs accounted for under the CFE election.
- (4) Other income presented above does not include net MSR fee income or provisions for repurchases of MSRs, as these amounts do not represent market valuation adjustments.



**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 6. Fair Value of Financial Instruments - (continued)**

The following table provides quantitative information about the significant unobservable inputs used in the valuation of our Level 3 assets and liabilities measured at fair value.

**Table 6.5 – Fair Value Methodology for Level 3 Financial Instruments**

June 30, 2024 (Dollars in Thousands, except Input Values)	Fair Value	Unobservable Input	Input Values		Weighted Average <sup>(1)</sup>
			Range		
<b>Assets</b>					
<b>Residential consumer loans:</b>					
Jumbo loans	\$ 961,022	Senior credit spread to TBA price <sup>(2)</sup>	\$ 1.13 - \$	2.00	\$ 1.21
		Subordinate credit spread <sup>(2)</sup>	200 -	650 bps	276 bps
		Senior credit support <sup>(2)</sup>	7 -	7 %	7 %
		IO discount rate <sup>(2)</sup>	24 -	24 %	24 %
		Prepayment rate (annual CPR) <sup>(2)</sup>	15 -	15 %	15 %
Jumbo loans committed to sell	1,526	Whole loan committed sales price	\$ 100 - \$	103	\$ 101
Loans held by Sequoia <sup>(3)</sup>	6,950,586	Liability price		N/A	N/A
Loans held by Freddie Mac SLST <sup>(3)</sup>	1,297,022	Liability price		N/A	N/A
<b>Residential investor loans:</b>					
Residential investor term loans	217,761	Senior credit spread <sup>(2)</sup>	130 -	130 bps	130 bps
		Subordinate credit spread <sup>(2)</sup>	165 -	1,062 bps	334 bps
		Senior credit support <sup>(2)</sup>	34 -	34 %	34 %
		Prepayment rate (annual CPR) <sup>(2)</sup>	— -	3 %	3 %
		Dollar price of non-performing loans	\$ 54 - \$	54	\$ 54
Residential investor term loans held by CAFL <sup>(3)</sup>	2,737,467	Liability price		N/A	N/A
Residential investor bridge loans held by CAFL <sup>(3)</sup>	234,311	Liability price		N/A	N/A
Residential investor bridge loans	1,690,111	Whole loan discount rate	9 -	11 %	9 %
		Whole loan spread	485 -	485 bps	485 bps
		Dollar price of non-performing loans	\$ 41 - \$	100	\$ 90
Multifamily loans held by Freddie Mac K-Series <sup>(3)</sup>	421,794	Liability price		N/A	N/A
Trading and AFS securities	264,401	Discount rate	6 -	28 %	10 %
		Prepayment rate (annual CPR)	— -	65 %	8 %
		Default rate	— -	16 %	0.1 %
		Loss severity	— -	50 %	18 %
Home Equity Investments (HEI)	253,303	Discount rate	10 -	10 %	10 %
		Prepayment rate (annual CPR)	1 -	20 %	14 %
		Home price appreciation (depreciation)	4 -	4 %	4 %
HEI held by HEI securitization entities <sup>(3)</sup>	320,816	Liability price		N/A	N/A
Servicer advance investments	227,363	Discount rate	3 -	6 %	4 %
		Prepayment rate (annual CPR)	11 -	30 %	14 %
		Expected remaining life <sup>(4)</sup>	5 -	5 yrs	5 yrs
		Mortgage servicing income	3 -	18 bps	10 bps
MSRs	28,653	Discount rate	10 -	46 %	10 %
		Prepayment rate (annual CPR)	2 -	16 %	5 %
		Per loan annual cost to service	\$ 93 - \$	93	\$ 93

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 6. Fair Value of Financial Instruments - (continued)**

*Table 6.5 – Fair Value Methodology for Level 3 Financial Instruments (continued)*

June 30, 2024 (Dollars in Thousands, except Input Values)	Fair Value	Unobservable Input	Input Values		Weighted Average <sup>(1)</sup>
			Range		
<b>Assets (continued)</b>					
Excess MSRs	\$ 34,754	Discount rate	12 -	19 %	18 %
		Prepayment rate (annual CPR)	10 -	100 %	17 %
		Excess mortgage servicing amount	8 -	20 bps	11 bps
Residential consumer loan purchase commitments, net	3,670	Senior Credit Spread to TBA price	\$ 1.13 -	\$ 2.00	1.21
		Subordinate Credit Spread to Swap rate	200 -	650 bps	276 bps
		Senior Credit Support	7 -	7 %	7 %
		IO Discount Rate	20 -	20 %	20 %
		Prepayment rate (Annual CPR)	15 -	15 %	15 %
		Pull-through rate	18 -	100 %	74 %
		Committed Sales Price	\$ 101 -	\$ 103	\$ 103
<b>Liabilities</b>					
ABS issued <sup>(3)</sup> :					
At consolidated Sequoia entities	6,686,531	Discount rate	4 -	28 %	8 %
		Prepayment rate (annual CPR)	2 -	44 %	9 %
		Default rate	— -	11 %	1 %
		Loss severity	25 -	50 %	29 %
At consolidated CAFL Term entities	2,409,559	Discount rate	5 -	12 %	7 %
		Prepayment rate (annual CPR)	— -	3 %	0.1 %
		Default rate	3 -	13 %	6 %
		Loss severity	25 -	25 %	25 %
At consolidated Freddie Mac SLST entities	1,041,807	Discount rate	5 -	10 %	6 %
		Prepayment rate (annual CPR)	6 -	6 %	6 %
		Default rate	14 -	16 %	15 %
		Loss severity	25 -	25 %	25 %
At consolidated Freddie Mac K-Series entities <sup>(3)</sup>	387,791	Discount rate	5 -	10 %	6 %
At consolidated HEI entities <sup>(5)</sup>	218,203	Discount rate	8 -	12 %	9 %
		Prepayment rate (annual CPR)	15 -	15 %	15 %
		Home price appreciation (depreciation)	4 -	4 %	4 %
At consolidated CAFL Bridge entities	231,797	Discount rate	7 -	14 %	8 %
		Prepayment rate (annual CPR)	40 -	40 %	40 %
		Default rate	— -	5 %	3 %
		Loss severity	25 -	25 %	25 %

- (1) The weighted average input values for all loan types are based on unpaid principal balance. The weighted average input values for all other assets and liabilities are based on relative fair value.
- (2) Values represent pricing inputs used in securitization pricing model. Credit spreads represent spreads to applicable swap rates unless specified otherwise.
- (3) The fair value of the loans and HEI held by consolidated entities is based on the fair value of the ABS issued by these entities and the securities and other investments we own in those entities, which we determined were more readily observable in accordance with accounting guidance for collateralized financing entities. At June 30, 2024, the fair value of securities we owned at the consolidated Sequoia, CAFL Term, CAFL Bridge (under CFE), Freddie Mac SLST, Freddie Mac K-Series, and HEI securitization entities was \$264 million, \$337 million, \$25 million, \$258 million, \$34 million, and \$41 million, respectively. CAFL Bridge only includes the one securitization entity for which we made the CFE election.
- (4) Represents the estimated average duration of outstanding servicer advances at a given point in time (not taking into account new advances made with respect to the pool).
- (5) Fair value presented in this line item for ABS issued at consolidated HEI entities does not include non-controlling interests in our HEI entities, which we account for separately as liabilities in our Consolidated Balance Sheets and carry at fair value. However, given the HEI non-controlling interests are priced using the same model and inputs, the unobservable inputs and input values provided in this section include those for the HEI non-controlling interests.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 6. Fair Value of Financial Instruments - (continued)**

The following table summarizes the estimated fair values presents of assets and liabilities that are not measured at fair value at June 30, 2024 and December 31, 2023.

**Table 6.6 – Carrying Values and Estimated Fair Values of Assets and Liabilities**

<b>(In Thousands)</b>	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
	<b>Carrying Value</b>	<b>Estimated Fair Value</b>	<b>Carrying Value</b>	<b>Estimated Fair Value</b>
Guarantee obligations <sup>(1)</sup>	\$ 4,649	\$ 3,385	\$ 5,781	\$ 3,772
ABS issued, net				
at fair value	\$ 10,975,688	\$ 10,975,688	\$ 9,151,263	\$ 9,151,263
at amortized cost	579,862	584,155	660,617	637,816
Total ABS issued, net	<u>\$ 11,555,550</u>	<u>\$ 11,559,843</u>	<u>\$ 9,811,880</u>	<u>\$ 9,789,079</u>
Debt obligation facilities and other financing	\$ 2,670,129	\$ 2,669,070	\$ 2,596,582	\$ 2,591,931
Convertible notes, net	466,110	469,876	503,728	488,341
Trust preferred securities and subordinated notes, net	138,836	93,465	138,813	92,070
Senior Notes	139,551	144,460	—	—
Total debt obligations, net	<u>\$ 3,414,626</u>	<u>\$ 3,376,871</u>	<u>\$ 3,239,123</u>	<u>\$ 3,172,342</u>

(1) These liabilities are included in Accrued expenses and other liabilities on our consolidated balance sheets.

During the three and six months ended June 30, 2024, we elected the fair value option for \$16 million and \$64 million of securities, respectively, \$1.87 billion and \$2.87 billion (principal balance) of residential consumer loans, respectively, and \$452 million and \$779 million (principal balance) of residential investor loans, respectively. Additionally, during the three and six months ended June 30, 2024, we elected the fair value option for \$0.3 million and \$0.6 million of HEI, respectively. For the three and six months ended June 30, 2024, we elected the fair value option for \$9 thousand and \$0.2 million, respectively, of Other investments.

**Nonrecurring Fair Values**

We measure the fair value of certain assets and liabilities on a nonrecurring basis when events or changes in circumstances indicate that the carrying value may be impaired. Adjustments to fair value generally result from the write-down of asset value due to impairment. Refer to *Note 14* for further information on our Real estate owned ("REO").

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 7. Residential Consumer Loans**

We acquire residential consumer loans from third-party originators and may sell or securitize these loans or hold them for investment.

The following table summarizes the classifications and carrying values of the residential consumer loans owned at Redwood and at the consolidated Sequoia and Freddie Mac SLST entities at June 30, 2024 and December 31, 2023.

*Table 7.1 – Classifications and Carrying Values of Residential Consumer Loans*

<b>June 30, 2024</b> <b>(In Thousands)</b>	<b>Redwood</b>	<b>Sequoia</b>	<b>Freddie Mac SLST</b>	<b>Total</b>
Held-for-sale at fair value	\$ 962,548	\$ —	\$ —	\$ 962,548
Held-for-investment at fair value	—	6,950,586	1,297,022	8,247,608
<b>Total Residential Consumer Loans</b>	<b>\$ 962,548</b>	<b>\$ 6,950,586</b>	<b>\$ 1,297,022</b>	<b>\$ 9,210,156</b>
<b>December 31, 2023</b> <b>(In Thousands)</b>	<b>Redwood</b>	<b>Sequoia</b>	<b>Freddie Mac SLST</b>	<b>Total</b>
Held-for-sale at fair value	\$ 911,192	\$ —	\$ —	\$ 911,192
Held-for-investment at fair value	—	4,780,203	1,359,242	6,139,445
<b>Total Residential Consumer Loans</b>	<b>\$ 911,192</b>	<b>\$ 4,780,203</b>	<b>\$ 1,359,242</b>	<b>\$ 7,050,637</b>

At June 30, 2024, we owned mortgage servicing rights associated with \$946 million (principal balance) of residential consumer loans owned at Redwood that were purchased from third-party originators. The value of these MSR is included in the carrying value of the associated loans on our consolidated balance sheets. We contract with licensed sub-servicers that perform servicing functions for these loans.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 7. Residential Consumer Loans - (continued)**

***Residential Consumer Loans Held-for-Sale***

The following table summarizes the characteristics of residential consumer loans held-for-sale at June 30, 2024 and December 31, 2023.

**Table 7.2 – Characteristics of Residential Consumer Loans Held-for-Sale**

<b>(Dollars in Thousands)</b>	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
Unpaid principal balance	\$	947,691	\$	916,877
Fair value of loans	\$	962,548	\$	911,192
Market value of loans pledged as collateral under short-term borrowing agreements	\$	957,143	\$	907,742
Weighted average coupon		7.14 %		6.25 %

At both June 30, 2024 and December 31, 2023, there were no residential consumer loans held-for-sale that were 90 days or more delinquent or in foreclosure.

The following table provides the activity of residential consumer loans held-for-sale during the three and six months ended June 30, 2024 and 2023.

**Table 7.3 – Activity of Residential Consumer Loans Held-for-Sale**

<b>(In Thousands)</b>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Principal balance of loans acquired	\$ 1,874,201	\$ 181,972	\$ 2,873,987	\$ 235,018
Principal balance of loans sold	5,563	8,925	207,144	182,078
Principal balance of loans transferred from HFS to HF1	1,424,026	—	2,611,987	657,295
Net market valuation gains (losses) recorded <sup>(1)</sup>	6,535	(1,085)	9,032	6,093

(1) Net market valuation gains (losses) on residential consumer loans held-for-sale are recorded primarily through Mortgage banking activities, net on our consolidated statements of income.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 7. Residential Consumer Loans - (continued)**

***Residential Consumer Loans Held-for-Investment at Fair Value***

We invest in residential subordinate securities issued by Sequoia and Freddie Mac SLST securitization trusts and consolidate the underlying residential consumer loans owned by these entities for financial reporting purposes in accordance with GAAP. The following tables summarize the characteristics of the residential consumer loans owned at consolidated Sequoia and Freddie Mac SLST entities at June 30, 2024 and December 31, 2023.

**Table 7.4 – Characteristics of Residential Consumer Loans Held-for-Investment**

<b>June 30, 2024</b>	<b>Freddie Mac</b>	
<b>(Dollars in Thousands)</b>	<b>Sequoia</b>	<b>SLST</b>
Unpaid principal balance	\$ 7,639,727	\$ 1,569,864
Average loan balance (UPB)	\$ 835	\$ 156
Fair value of loans <sup>(1)</sup>	\$ 6,950,586	\$ 1,297,022
Weighted average coupon	4.98 %	4.50 %
<b>Delinquency information</b>		
Unpaid principal balance of loans with 90+ day delinquencies <sup>(2)</sup>	\$ 15,653	\$ 111,958
Average 90+ days delinquent balance (UPB)	\$ 460	\$ 174
Unpaid principal balance of loans in foreclosure	\$ 7,572	\$ 42,231
Average foreclosure balance (UPB)	\$ 527	\$ 164
<b>December 31, 2023</b>		
<b>(Dollars in Thousands)</b>	<b>Sequoia</b>	<b>Freddie Mac</b>
	<b>SLST</b>	
Unpaid principal balance	\$ 5,398,913	\$ 1,614,974
Average loan balance (UPB)	\$ 757	\$ 157
Fair value of loans <sup>(1)</sup>	\$ 4,780,203	\$ 1,359,242
Weighted average coupon	4.15 %	4.50 %
<b>Delinquency information</b>		
Unpaid principal balance of loans with 90+ day delinquencies <sup>(2)</sup>	\$ 13,023	\$ 132,307
Average 90+ days delinquent balance (UPB)	\$ 482	\$ 166
Unpaid principal balance of loans in foreclosure	\$ 5,234	\$ 47,654
Average foreclosure balance (UPB)	\$ 436	\$ 163

(1) The fair value of the loans held by consolidated entities was based on the fair value of the ABS issued by these entities, including securities we own, which we determined were more readily observable, in accordance with the accounting guidance for collateralized financing entities. The net impact to our income statement associated with our economic investment in these securitization entities is presented in Table 17.2.

(2) For loans held at consolidated entities, the number and unpaid principal balance of loans 90+ days delinquent includes loans in foreclosure.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 7. Residential Consumer Loans - (continued)**

For loans held at our consolidated Sequoia and Freddie Mac SLST entities, market value changes are based on the estimated fair value of the associated ABS issued, including securities we own, pursuant to the measurement alternative provided for collateralized financing entities, and are recorded in Investment fair value changes, net on our consolidated statements of income. The following table provides the activity of residential consumer loans held-for-investment at consolidated entities during the three and six months ended June 30, 2024 and 2023.

*Table 7.5 – Activity of Residential Consumer Loans Held-for-Investment at Consolidated Entities*

<b>(In Thousands)</b>	<b>Three Months Ended June 30, 2024</b>		<b>Three Months Ended June 30, 2023</b>	
	<b>Sequoia</b>	<b>Freddie Mac SLST</b>	<b>Sequoia</b>	<b>Freddie Mac SLST</b>
Principal value of loans transferred from HFS to HFI <sup>(1)</sup>	\$ 1,424,026	N/A	N/A	N/A
Net market valuation gains (losses) recorded	(48,590)	(11,171)	(47,047)	(44,147)

  

<b>(In Thousands)</b>	<b>Six Months Ended June 30, 2024</b>		<b>Six Months Ended June 30, 2023</b>	
	<b>Sequoia</b>	<b>Freddie Mac SLST</b>	<b>Sequoia</b>	<b>Freddie Mac SLST</b>
Principal value of loans transferred from HFS to HFI <sup>(1)</sup>	\$ 2,611,987	N/A	\$ 657,295	N/A
Net market valuation gains (losses) recorded	(103,399)	(15,401)	14,357	(11,710)

(1) Represents the transfer of loans from held-for-sale to held-for-investment associated with Sequoia securitizations.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 8. Residential Investor Loans**

We originate and invest in residential investor loans, including term loans and bridge loans. The following table summarizes the classifications and carrying values of the residential investor loans owned at Redwood and at consolidated CAFL entities at June 30, 2024 and December 31, 2023.

*Table 8.1 – Classifications and Carrying Values of Residential Investor Loans*

<b>June 30, 2024</b> <b>(In Thousands)</b>	<b>Residential Investor Term</b>		<b>Residential Investor Bridge</b>		<b>Total</b>
	<b>Redwood</b>	<b>CAFL</b>	<b>Redwood</b>	<b>CAFL</b>	
Held-for-sale at fair value	\$ 217,761	\$ —	\$ 41,722	\$ —	\$ 259,483
Held-for-investment at fair value	\$ —	\$ 2,737,467	\$ 1,197,073	\$ 685,627	\$ 4,620,167
<b>Total Residential Investor Loans</b>	<b>\$ 217,761</b>	<b>\$ 2,737,467</b>	<b>\$ 1,238,795</b>	<b>\$ 685,627</b>	<b>\$ 4,879,650</b>
<b>December 31, 2023</b> <b>(In Thousands)</b>	<b>Residential Investor Term</b>		<b>Residential Investor Bridge</b>		<b>Total</b>
	<b>Redwood</b>	<b>CAFL</b>	<b>Redwood</b>	<b>CAFL</b>	
Held-for-sale at fair value	\$ 144,359	\$ —	\$ 35,891	\$ —	\$ 180,250
Held-for-investment at fair value	\$ —	\$ 2,971,725	\$ 1,305,727	\$ 762,596	\$ 5,040,048
<b>Total Residential Investor Loans</b>	<b>\$ 144,359</b>	<b>\$ 2,971,725</b>	<b>\$ 1,341,618</b>	<b>\$ 762,596</b>	<b>\$ 5,220,298</b>

Nearly all of the outstanding residential investor term loans at June 30, 2024 were first-lien, fixed-rate loans with original maturities of three, five, seven, or ten years.

The outstanding residential investor bridge loans held-for-investment at June 30, 2024 were first-lien, interest-only loans with original maturities of 6 to 36 months and were comprised of 67% one-month SOFR-indexed adjustable-rate loans, and 33% fixed-rate loans.

At June 30, 2024, we had \$448 million in commitments to fund residential investor bridge loans. See *Note 18* for additional information on these commitments.

During the three months and six months ended June 30, 2024, we sold \$135 million and \$187 million, of residential investor bridge loans, net of \$6 million and \$21 million, respectively, of construction draws, to our joint ventures. See *Note 12* for additional information on these joint ventures.



**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 8. Residential Investor Loans - (continued)**

The following table provides the activity of residential investor loans at Redwood during the three and six months ended June 30, 2024 and 2023.

**Table 8.2 – Activity of Residential Investor Loans at Redwood**

<b>(In Thousands)</b>	<b>Three Months Ended June 30, 2024</b>		<b>Three Months Ended June 30, 2023</b>	
	<b>Term at Redwood</b>	<b>Bridge at Redwood</b>	<b>Term at Redwood</b>	<b>Bridge at Redwood</b>
Principal balance of loans originated	\$ 217,538	\$ 234,115	128,622	269,713
Principal balance of loans acquired	648	—	—	8,149
Principal balance of loans sold to third parties <sup>(1)</sup>	252,424	156,294	180,404	19,260
Fair value of loans transferred <sup>(2)</sup>	—	(89,202)	—	(140,186)
Mortgage banking activities income (loss) recorded <sup>(3)</sup>	5,957	1,108	(1,132)	2,291
Investment fair value changes recorded	(337)	(13,992)	(13,625)	(8,778)

  

<b>(In Thousands)</b>	<b>Six Months Ended June 30, 2024</b>		<b>Six Months Ended June 30, 2023</b>	
	<b>Term at Redwood</b>	<b>Bridge at Redwood</b>	<b>Term at Redwood</b>	<b>Bridge at Redwood</b>
Principal balance of loans originated	334,628	428,144	302,700	524,865
Principal balance of loans acquired	648	15,677	—	17,234
Principal balance of loans sold to third parties <sup>(1)</sup>	258,456	209,515	398,106	31,807
Fair value of loans transferred <sup>(2)</sup>	—	(187,933)	—	(220,978)
Mortgage banking activities income recorded <sup>(3)</sup>	5,661	2,054	11,534	3,453
Investment fair value changes recorded	(1,337)	(17,210)	(13,625)	(7,266)

- (1) For the three and six months ended June 30, 2024 the principal balance of loans sold to third parties is net of \$6 million and \$21 million, respectively, related to construction draws on residential investor bridge loans sold to our joint ventures. See *Note 12* for additional information on these joint ventures.
- (2) For residential investor term at Redwood, represents the transfer of loans from held-for-sale to held-for-investment associated with CAFL term securitizations. For residential investor bridge at Redwood, represents the transfer of residential investor bridge loans from "Bridge at Redwood" to "Bridge at CAFL" resulting from their inclusion in one of our bridge loan securitizations, which generally have replenishment features.
- (3) Represents net market valuation changes from the time a loan is originated to when it is sold, securitized or transferred to our investment portfolio. See Table 5.1 for additional detail on Mortgage banking activities income (loss).

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 8. Residential Investor Loans - (continued)**

*Residential Investor Loans Held-for-Investment at CAFL*

We invest in securities issued by CAFL securitizations sponsored by CoreVest and consolidate the underlying residential investor term loans and bridge loans owned by these entities. The following table provides the activity of residential investor loans held-for-investment at CAFL during the three and six months ended June 30, 2024 and 2023.

**Table 8.3 – Activity of Residential Investor Loans Held-for-Investment at CAFL**

<b>(In Thousands)</b>	<b>Three Months Ended June 30, 2024</b>		<b>Three Months Ended June 30, 2023</b>	
	<b>Term at CAFL</b>	<b>Bridge at CAFL</b>	<b>Term at CAFL</b>	<b>Bridge at CAFL</b>
Net market valuation gains (losses) recorded <sup>(1)</sup>	\$ 3,530	\$ (4,870)	\$ (37,780)	\$ 1,192
Fair value of loans transferred to HFI	\$ —	\$ 89,202	\$ —	\$ 140,186

  

<b>(In Thousands)</b>	<b>Six Months Ended June 30, 2024</b>		<b>Six Months Ended June 30, 2023</b>	
	<b>Term at CAFL</b>	<b>Bridge at CAFL</b>	<b>Term at CAFL</b>	<b>Bridge at CAFL</b>
Net market valuation gains (losses) recorded <sup>(1)</sup>	\$ 11,113	\$ (1,180)	\$ (601)	\$ 600
Fair value of loans transferred to HFI	\$ —	\$ 187,933	\$ —	\$ 220,978

(1) Net market valuation gains (losses) on residential investor loans held-for-investment at CAFL are recorded through Investment fair value changes, net on our consolidated statements of income. For loans held at our consolidated CAFL Term entities and one CAFL Bridge entity, market value changes are based on the estimated fair value of the associated ABS issued, including securities we own, pursuant to collateralized financing entity guidelines. The net impact associated with our economic investment in these securitization entities is presented in Tables 15.1 and 15.2. We did not elect to account for two of our CAFL Bridge securitizations under the collateralized financing entity guidelines but have elected to account for the loans in these securitizations at fair value, and changes in fair value for these loans are recorded through Investment fair value changes, net on our consolidated statements of income.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 8. Residential Investor Loans - (continued)**

**Residential Investor Loan Characteristics**

The following tables summarize the characteristics of the residential investor loans owned at Redwood and at consolidated CAFL entities at June 30, 2024 and December 31, 2023.

**Table 8.4 – Characteristics of Residential Investor Loans**

<b>June 30, 2024</b>								
<b>(Dollars in Thousands)</b>	<b>Term at Redwood</b>		<b>Term at CAFL<sup>(1)</sup></b>		<b>Bridge at Redwood</b>		<b>Bridge at CAFL</b>	
Unpaid principal balance	\$	228,059	\$	2,946,186	\$	1,266,729	\$	680,187
Average UPB of loans	\$	2,887	\$	3,044	\$	7,917	\$	2,001
Fair value of loans	\$	217,761	\$	2,737,466	\$	1,238,795	\$	685,627
Weighted average coupon		7.20 %		5.34 %		10.19 %		10.59 %
Weighted average remaining loan term (years)		7		5		1		1
Market value of loans pledged as collateral under debt facilities	\$	166,221		N/A	\$	1,201,822		N/A
<b>Delinquency information</b>								
Unpaid principal balance of loans with 90+ day delinquencies <sup>(2)</sup>	\$	27,529	\$	139,628	\$	107,094	\$	20,593
Average UPB of 90+ days delinquent loans <sup>(2)</sup>	\$	27,529	\$	3,103	\$	7,650	\$	1,872
Fair value of loans with 90+ day delinquencies <sup>(2)</sup>	\$	14,750		N/A	\$	94,730		N/A
Unpaid principal balance of loans in foreclosure <sup>(3)</sup>	\$	27,529	\$	18,646	\$	87,804	\$	13,771
Average UPB of loans in foreclosure <sup>(3)</sup>	\$	27,529	\$	2,664	\$	7,317	\$	1,967
Fair value of loans in foreclosure <sup>(3)</sup>	\$	14,750		N/A	\$	76,299		N/A
<b>December 31, 2023</b>								
<b>(Dollars in Thousands)</b>	<b>Term at Redwood</b>		<b>Term at CAFL<sup>(1)</sup></b>		<b>Bridge at Redwood</b>		<b>Bridge at CAFL</b>	
Unpaid principal balance	\$	152,213	\$	3,194,131	\$	1,360,957	\$	756,574
Average UPB of loans	\$	4,006	\$	3,028	\$	8,453	\$	2,162
Fair value of loans	\$	144,359	\$	2,971,725	\$	1,341,618	\$	762,596
Weighted average coupon		6.92 %		5.34 %		10.41 %		10.82 %
Weighted average remaining loan term (years)		7		5		1		1
Market value of loans pledged as collateral under debt facilities	\$	124,934		N/A	\$	1,298,198		N/A
<b>Delinquency information</b>								
Unpaid principal balance of loans with 90+ day delinquencies <sup>(2)</sup>	\$	28,263	\$	143,623	\$	96,934	\$	10,646
Average UPB of 90+ days delinquent loans <sup>(2)</sup>	\$	14,132	\$	3,192	\$	5,702	\$	1,774
Fair value of loans with 90+ day delinquencies <sup>(2)</sup>	\$	16,822		N/A	\$	86,137		N/A
Unpaid principal balance of loans in foreclosure <sup>(3)</sup>	\$	28,263	\$	15,708	\$	79,841	\$	3,931
Average UPB of loans in foreclosure <sup>(3)</sup>	\$	14,132	\$	2,244	\$	5,323	\$	1,310
Fair value of loans in foreclosure <sup>(3)</sup>	\$	16,822		N/A	\$	69,046		N/A

(1) The fair value of the loans held by consolidated CAFL Term entities and one CAFL Bridge entity were based on the fair value of the ABS issued by these entities, including securities we own, which we determined were more readily observable in accordance with the accounting guidance for collateralized financing entities.

(2) The number of loans 90+ days delinquent includes loans in foreclosure.

(3) May include loans that are less than 90 days delinquent.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 8. Residential Investor Loans - (continued)**

The following table presents the unpaid principal balance of business purpose loans recorded on our consolidated balance sheets at June 30, 2024 by collateral/strategy type.

**Table 8.5 – Residential Investor Loans Collateral/Strategy Type**

<b>June 30, 2024</b> <b>(Dollars in Thousands)</b>	<b>Term at Redwood</b>	<b>Term at CAFL<sup>(1)</sup></b>	<b>Bridge at Redwood</b>	<b>Bridge at CAFL<sup>(1)</sup></b>
<b>Term</b>				
Single family rental	137,347	2,296,676	—	—
Multifamily	90,712	649,510	—	—
<b>Bridge</b>				
Renovate / Build for Rent ("BFR") <sup>(2)</sup>	—	—	548,841	374,262
Single Asset Bridge ("SAB") <sup>(3)</sup>	—	—	31,629	117,888
Multifamily <sup>(4)</sup>	—	—	664,680	186,637
Third-Party Originated	—	—	21,579	1,400
<b>Total Residential Investor Loans</b>	<b>\$ 228,059</b>	<b>\$ 2,946,186</b>	<b>\$ 1,266,729</b>	<b>\$ 680,187</b>

(1) The fair value of the loans held by consolidated CAFL Term entities and one CAFL Bridge entity were based on the fair value of the ABS issued by these entities, including securities we own, which we determined were more readily observable in accordance with GAAP for collateralized financing entities.

(2) Includes loans to finance acquisition and/or stabilization of existing housing stock or to finance new construction of residential properties for rent.

(3) Includes loans for light to moderate renovation of residential and small multifamily properties (generally less than 20 units).

(4) Includes loans for predominantly light to moderate rehabilitation projects on multifamily properties.

*Loan Modifications*

We may amend or modify a loan depending on the loan's specific facts and circumstances. These loan modifications typically include amendments and restructuring and include terms such as additional time for the borrower to refinance or sell the collateral property, interest rate reductions and/or deferral of scheduled principal and/or interest payments. In some instances, a loan amendment or restructuring may bring the loan out of delinquent status. In exchange for a modification, we may receive a partial repayment of principal, a short-term accrual of capitalized interest for a portion of interest due, a capital infusion to replenish interest or capital improvement reserves and/or termination of all or a portion of the remaining unfunded loan commitment.

For the three and six months ended June 30, 2024, we modified residential investor loans with an aggregate unpaid principal balance of \$379 million and \$429 million, respectively, with an aggregate fair value of \$369 million and \$417 million, respectively. At the time of modification, the weighted average length of time these loans were past due was under three months for both the three and six months ended June 30, 2024. Of the modified loans for the three months ending June 30, 2024, \$43 million included loans in forbearance without a rate reduction and \$335 million included reductions in interest rates (including, in certain cases, deferrals of interest), among other terms, and in certain cases, combined with infusions of fresh capital from either the existing sponsor or new sources. For the three and six months ended June 30, 2024, the average length of maturity extensions granted on residential investor bridge loans was just under five months and seven months, respectively.

*Nonaccrual Loans*

Interest income is accrued on loans in the period the coupon interest is contractually earned until such time a loan is placed on non-accrual status.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 8. Residential Investor Loans - (continued)**

A loan is placed on non-accrual status when it is probable that all principal and interest due under the contractual terms will not be collected and a loan is past due more than 90 days. Income from non-accrual loans is generally recognized on a cash basis when it is received. At the time a loan is placed on non-accrual status, all previously accrued but uncollected interest is reversed against interest income and interest subsequently collected is recognized on a cash basis to the extent the loan balance is deemed collectible or until such time the loan qualifies to be placed back on accrual status.

Generally, a loan is placed back on accrual status when the loan becomes contractually current or the collection of past due and future payments is reasonably assured either through reinstatement by the borrower, estimated net equity in the underlying real estate property or both.

At June 30, 2024 and December 31, 2023, residential investor loans with an aggregate unpaid principal balance of \$324 million and \$340 million, respectively, and an aggregate fair value of \$290 million and \$312 million, respectively, were on non-accrual status. Of this balance, loans with an aggregate unpaid principal balance of \$204 million and \$207 million were less than 90 days past due (including loans that were contractually current) as of June 30, 2024 and December 31, 2023, respectively.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 9. Consolidated Agency Multifamily Loans**

We invest in multifamily subordinate securities issued by a Freddie Mac K-Series securitization trust and consolidate the underlying multifamily loans owned by this entity for financial reporting purposes in accordance with GAAP. The following table summarizes the characteristics of the multifamily loans consolidated at Redwood at June 30, 2024 and December 31, 2023.

**Table 9.1 – Characteristics of Consolidated Agency Multifamily Loans**

<b>(Dollars in Thousands)</b>	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
Unpaid principal balance	\$	434,595	\$	438,868
Fair value of loans	\$	421,794	\$	425,285
Weighted average coupon		4.25 %		4.25 %
Weighted average remaining loan term (years)		1		2

There were no consolidated agency multifamily loans with 90+ day delinquencies and no multifamily loans in foreclosure at June 30, 2024 and December 31, 2023.

The outstanding Consolidated Agency multifamily loans held-for-investment at the consolidated Freddie Mac K-Series entity at June 30, 2024 were first-lien, fixed-rate loans that were originated in 2015. The following table provides the activity of multifamily loans held-for-investment during the three and six months ended June 30, 2024 and 2023.

**Table 9.2 – Activity of Consolidated Agency Multifamily Loans Held-for-Investment**

<b>(In Thousands)</b>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net market valuation gains (losses) recorded <sup>(1)</sup>	\$ 1,128	\$ (4,471)	\$ 781	\$ (311)

(1) Net market valuation gains (losses) on multifamily loans held-for-investment are recorded through Investment fair value changes, net on our consolidated statements of income. For loans held at our consolidated Freddie Mac K-Series entity, market value changes are based on the estimated fair value of the associated ABS issued, including securities we own, pursuant to collateralized financing entity guidelines. The net impact to our income statement associated with our economic investment in these securitization entities is presented in Table 15.2.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 10. Real Estate Securities**

We invest in real estate securities that we create and retain from our unconsolidated Sequoia securitizations or acquire from third parties. The following table presents the fair values of our real estate securities by type at June 30, 2024 and December 31, 2023.

**Table 10.1 – Fair Value of Real Estate Securities by Type**

<b>(In Thousands)</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Trading	\$ 119,624	\$ 40,424
Available-for-sale	144,777	87,373
<b>Total Real Estate Securities</b>	<b>\$ 264,401</b>	<b>\$ 127,797</b>

Our real estate securities include mortgage-backed securities, which are presented in accordance with their general position within a securitization structure based on their rights to cash flows. Senior securities are those interests in a securitization that generally have the first right to cash flows and are last in line to absorb losses. Mezzanine securities are interests that are generally subordinate to senior securities in their rights to receive cash flows, and have subordinate securities below them that are first to absorb losses. Subordinate securities are all interests below mezzanine. Nearly all of our residential securities are supported by collateral that was designated as prime at the time of issuance.

**Trading Securities**

We elected the fair value option for certain securities and classify them as trading securities. Our trading securities include both residential and multifamily mortgage-backed securities. The following table presents the fair value of trading securities by position and collateral type at June 30, 2024 and December 31, 2023.

**Table 10.2 – Fair Value of Trading Securities by Position**

<b>(In Thousands)</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
<b>Senior</b>		
Interest-only securities <sup>(1)</sup>	\$ 115,287	\$ 36,109
<b>Total Senior</b>	<b>115,287</b>	<b>36,109</b>
<b>Subordinate</b>		
Multifamily securities	2,823	2,641
Other third-party securities	1,514	1,674
<b>Total Subordinate</b>	<b>4,337</b>	<b>4,315</b>
<b>Total Trading Securities</b>	<b>\$ 119,624</b>	<b>\$ 40,424</b>

(1) Includes \$32 million and \$28 million of Sequoia certificated mortgage servicing rights at June 30, 2024 and December 31, 2023, respectively.

The following table presents the unpaid principal balance of trading securities by position and collateral type at June 30, 2024 and December 31, 2023.

**Table 10.3 – Unpaid Principal Balance of Trading Securities by Position**

<b>(In Thousands)</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Senior <sup>(1)</sup>	\$ —	\$ —
Subordinate	16,098	16,567
<b>Total Trading Securities</b>	<b>\$ 16,098</b>	<b>\$ 16,567</b>

(1) Our senior trading securities are comprised of interest-only securities, for which there is no principal balance.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 10. Real Estate Securities - (continued)**

The following table provides the activity of trading securities during the three and six months ended June 30, 2024 and 2023.

*Table 10.4 – Trading Securities Activity*

<b>(In Thousands)</b>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Fair value of securities acquired	\$ 16,092	\$ 6,183	\$ 63,618	\$ 7,883
Fair value of securities sold	—	51,578	—	55,087
Net market valuation gains (losses) recorded <sup>(1)</sup>	1,600	6,495	16,075	8,456

(1) Net market valuation gains (losses) on trading securities are recorded through Investment fair value changes, net and Mortgage banking activities, net on our consolidated statements of income.



**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 10. Real Estate Securities - (continued)**

*AFS Securities*

The following table presents the fair value of our available-for-sale ("AFS") securities by position and collateral type at June 30, 2024 and December 31, 2023.

**Table 10.5 – Fair Value of Available-for-Sale Securities by Position**

(In Thousands)	June 30, 2024		December 31, 2023	
<b>Senior</b>				
Other third-party securities	\$	20,992	\$	—
<b>Total Senior</b>		<b>20,992</b>		<b>—</b>
<b>Mezzanine</b>				
Multifamily securities	\$	2,834	\$	—
Other third-party securities		10,484		—
<b>Total Mezzanine</b>		<b>13,318</b>		<b>—</b>
<b>Subordinate</b>				
Sequoia securities	\$	88,165	\$	78,942
Multifamily securities		8,869		4,460
Other third-party securities		13,433		3,971
<b>Total Subordinate</b>		<b>110,467</b>		<b>87,373</b>
<b>Total AFS Securities</b>	<b>\$</b>	<b>144,777</b>	<b>\$</b>	<b>87,373</b>

The following table provides the activity of available-for-sale securities during the three and six months ended June 30, 2024 and 2023.

**Table 10.6 – Available-for-Sale Securities Activity**

(In Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Fair value of securities acquired	\$ 33,386	\$ 1,979	\$ 47,442	\$ 1,979
Fair value of securities sold	—	40,574	—	43,252
Net unrealized gains (losses) on AFS securities <sup>(1)</sup>	1,054	(688)	9,710	4,319

<sup>(1)</sup> Net unrealized gains (losses) on AFS securities are recorded on our consolidated balance sheets through Accumulated other comprehensive loss.

At June 30, 2024, we had \$26 million of AFS securities with contractual maturities less than five years, \$4 million with contractual maturities greater than five years but less than ten years, and the remainder of our AFS securities had contractual maturities greater than ten years.

We often purchase AFS securities at a discount to their outstanding principal balances. To the extent we purchase an AFS security that has a likelihood of incurring a loss, we do not amortize into income the portion of the purchase discount that we do not expect to collect due to the inherent credit risk of the security. We may also expense a portion of our investment in the security to the extent we believe that principal losses will exceed the purchase discount. We designate any amount of unpaid principal balance that we do not expect to receive and thus do not expect to earn or recover as a credit reserve on the security. Any remaining net unamortized discounts or premiums on the security are amortized into income over time using the effective yield method.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 10. Real Estate Securities - (continued)**

The following table presents the components of carrying value (which equals fair value) of AFS securities at June 30, 2024 and December 31, 2023.

**Table 10.7 – Carrying Value of AFS Securities**

<b>June 30, 2024</b> <b>(In Thousands)</b>	<b>Senior</b>	<b>Mezzanine</b>	<b>Subordinate</b>	<b>Total</b>
Principal balance	\$ 21,000	\$ 15,096	\$ 164,449	\$ 200,545
Credit reserve	—	—	(19,019)	(19,019)
Unamortized discount, net	(49)	(2,159)	(51,989)	(54,197)
Amortized cost	20,951	12,937	93,441	127,329
Gross unrealized gains	42	381	23,713	24,136
Gross unrealized losses	(1)	—	(5,348)	(5,349)
CECL allowance	—	—	(1,339)	(1,339)
<b>Carrying Value</b>	<b>\$ 20,992</b>	<b>\$ 13,318</b>	<b>\$ 110,467</b>	<b>\$ 144,777</b>

**December 31, 2023**

<b>(In Thousands)</b>	<b>Senior</b>	<b>Mezzanine</b>	<b>Subordinate</b>	<b>Total</b>
Principal balance	\$ —	\$ —	\$ 149,956	\$ 149,956
Credit reserve	—	—	(23,436)	(23,436)
Unamortized discount, net	—	—	(46,885)	(46,885)
Amortized cost	—	—	79,635	79,635
Gross unrealized gains	—	—	16,973	16,973
Gross unrealized losses	—	—	(6,753)	(6,753)
CECL allowance	—	—	(2,482)	(2,482)
<b>Carrying Value</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 87,373</b>	<b>\$ 87,373</b>

The following table presents the changes for the three and six months ended June 30, 2024, in unamortized discount and designated credit reserves on residential AFS securities.

**Table 10.8 – Changes in Unamortized Discount and Designated Credit Reserves on AFS Securities**

<b>(In Thousands)</b>	<b>Three Months Ended</b> <b>June 30, 2024</b>		<b>Six Months Ended</b> <b>June 30, 2024</b>	
	<b>Credit Reserve</b>	<b>Unamortized Discount, Net</b>	<b>Credit Reserve</b>	<b>Unamortized Discount, Net</b>
Beginning balance	\$ 19,717	\$ 52,891	\$ 23,436	\$ 46,885
Amortization of net discount	—	(337)	—	(429)
Realized credit recoveries (losses), net	156	—	174	—
Acquisitions	—	789	—	3,150
Sales, calls, other	—	—	—	—
Transfers to (release of) credit reserves, net	(854)	854	(4,591)	4,591
<b>Ending Balance</b>	<b>\$ 19,019</b>	<b>\$ 54,197</b>	<b>\$ 19,019</b>	<b>\$ 54,197</b>

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 10. Real Estate Securities - (continued)**

*AFS Securities with Unrealized Losses*

The following table presents the total carrying value (fair value) and unrealized losses of residential AFS securities that were in a gross unrealized loss position at June 30, 2024 and December 31, 2023.

*Table 10.9 – AFS Securities in Gross Unrealized Loss Position by Holding Periods*

<b>(In Thousands)</b>	<b>Less Than 12 Consecutive Months</b>		<b>12 Consecutive Months or Longer</b>	
	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>
June 30, 2024	\$ 10,084	\$ (97)	\$ 21,406	\$ (5,252)
December 31, 2023	2,374	(128)	27,299	(6,625)

At June 30, 2024, after giving effect to purchases, sales, and extinguishment due to credit losses, our consolidated balance sheets included 76 AFS securities, of which 16 were in an unrealized loss position and 12 were in a continuous unrealized loss position for 12 consecutive months or longer. At December 31, 2023, our consolidated balance sheets included 66 AFS securities, of which 21 were in an unrealized loss position and 19 were in a continuous unrealized loss position for 12 consecutive months or longer.

*Evaluating AFS Securities for Credit Losses*

Gross unrealized losses on our AFS securities were \$5 million at June 30, 2024. We evaluate all securities in an unrealized loss position to determine if the impairment is credit-related (resulting in an allowance for credit losses recorded in earnings) or non-credit-related (resulting in an unrealized loss through other comprehensive income). At June 30, 2024, we did not intend to sell any of our AFS securities that were in an unrealized loss position, and it is more likely than not that we will not be required to sell these securities before recovery of their amortized cost basis, which may be at their maturity. We review our AFS securities that are in an unrealized loss position to identify those securities with losses based on an assessment of changes in expected cash flows for such securities, which considers recent security performance and expected future performance of the underlying collateral.

At June 30, 2024, our current expected credit loss ("CECL") allowance related to our AFS securities was \$1 million. AFS securities for which an allowance is recognized have experienced, or are expected to experience, adverse cash flow changes. In determining our estimate of cash flows for AFS securities we may consider factors such as structural credit enhancement, past and expected future performance of underlying mortgage loans, including timing of expected future cash flows, which are informed by prepayment rates, default rates, loss severities, delinquency rates, percentage of non-performing loans, FICO scores at loan origination, year of origination, loan-to-value ratios, and geographic concentrations, as well as general market assessments. Changes in our evaluation of these factors impacted the cash flows expected to be collected at the assessment date and were used to determine if there were credit-related adverse cash flows and if so, the amount of credit-related losses. Significant judgment is used in both our analysis of the expected cash flows for our AFS securities and any determination of security credit losses.

The table below summarizes the weighted average of the significant credit quality indicators we used for the credit loss allowance on our AFS securities at June 30, 2024.

*Table 10.10 – Significant Credit Quality Indicators*

<b>June 30, 2024</b>	<b>Subordinate Securities</b>
Default rate	0.8%
Loss severity	20%

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 10. Real Estate Securities - (continued)**

The following table details the activity related to the allowance for credit losses for AFS securities for the three and six months ended June 30, 2024.

*Table 10.11 – Rollforward of Allowance for Credit Losses*

<b>(In Thousands)</b>	<b>Three Months Ended June 30, 2024</b>	<b>Six Months Ended June 30, 2024</b>
Beginning balance allowance for credit losses	\$ 1,853	\$ 2,482
Additions to allowance for credit losses on securities for which credit losses were not previously recorded	—	—
Additional increases (or decreases) to the allowance for credit losses on securities that had an allowance recorded in a previous period	(514)	(1,143)
Reduction to allowance for securities sold during the period	—	—
<b>Ending balance of allowance for credit losses</b>	<b>\$ 1,339</b>	<b>\$ 1,339</b>

Gains and losses from the sale of AFS securities are recorded as Realized gains, net, in our consolidated statements of income. During the six months ended June 30, 2024, we did not sell any AFS securities relative to the six months ended June 30, 2023, in which we realized gains of \$1 million on sales of AFS securities.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 11. Home Equity Investments (HEI)**

We invest in HEI contracts from third party originators and in the third quarter of 2023, we began to originate HEI directly. Each HEI provides the owner of such HEI the right to purchase a percentage ownership interest in an associated residential property, and the homeowner's obligations under the HEI are secured by a lien (primarily second liens) on the property created by recording a security instrument (e.g., deed of trust) with respect to the property. Our investments in HEI expose us to both home price appreciation and depreciation of the associated property.

At June 30, 2024, we co-sponsored two HEI securitization entities that we consolidated in accordance with GAAP, and have elected to account for them under the CFE election. As such, market valuation changes for the securitized HEI are based on the estimated fair value of the associated ABS issued by the entity, including the interest we own, and are reported in HEI income, net on our Consolidated statements of income.

The following table presents our HEI at June 30, 2024 and December 31, 2023.

**Table 11.1 – Home Equity Investments**

<b>(In Thousands)</b>	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
HEI at Redwood	\$	253,303	\$	244,719
HEI held at consolidated HEI securitization entities		320,816		305,717
<b>Total Home Equity Investments</b>	<b>\$</b>	<b>574,119</b>	<b>\$</b>	<b>550,436</b>

The following table details our HEI activity during the three and six months ended June 30, 2024 and 2023.

**Table 11.2 – Activity of HEI**

<b>(In Thousands)</b>	<b>Three Months Ended June 30, 2024</b>		<b>Three Months Ended June 30, 2023</b>	
	<b>HEI at Redwood</b>	<b>Securitized HEI</b>	<b>HEI at Redwood</b>	<b>Securitized HEI</b>
Fair value of HEI purchased and originated	\$ 299	\$ —	\$ 8,954	\$ —
Net market valuation gains (losses) recorded	11,663	17,029	8,468	3,138

  

<b>(In Thousands)</b>	<b>Six Months Ended June 30, 2024</b>		<b>Six Months Ended June 30, 2023</b>	
	<b>HEI at Redwood</b>	<b>Securitized HEI</b>	<b>HEI at Redwood</b>	<b>Securitized HEI</b>
Fair value of HEI purchased and originated	\$ 606	\$ —	\$ 25,513	\$ —
Net market valuation gains (losses) recorded	17,806	32,453	12,308	4,206

The following table provides the components of HEI income, net for the three and six months ended June 30, 2024 and 2023, and reflect net market valuation gains (losses) recorded on HEI at Redwood and on securitized HEI, net of the third party and non-controlling interests in the HEI securitizations that are not owned by Redwood.

**Table 11.3 – Components of HEI Income, net**

<b>(In Thousands)</b>	<b>Three Months Ended June 30, 2024</b>		<b>Three Months Ended June 30, 2023</b>	
Net market valuation gains recorded on HEI at Redwood	\$	11,663	\$	8,468
Net market valuation gains recorded on Securitized HEI		17,029		3,138
Net market valuation (losses) recorded on ABS Issued from HEI securitizations <sup>(1)</sup>		(5,472)		(1,888)
Net market valuation (losses) recorded on non-controlling interests in HEI securitizations		(7,381)		(797)
<b>Total HEI income, net</b>	<b>\$</b>	<b>15,839</b>	<b>\$</b>	<b>8,921</b>

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 11. Home Equity Investments (HEI) - (continued)**

<b>(In Thousands)</b>	<b>Six Months Ended June 30, 2024</b>	<b>Six Months Ended June 30, 2023</b>
Net market valuation gains recorded on HEI at Redwood	\$ 17,806	\$ 12,308
Net market valuation gains recorded on Securitized HEI	32,453	4,206
Net market valuation (losses) recorded on ABS Issued from HEI securitizations <sup>(1)</sup>	(12,881)	(1,762)
Net market valuation (losses) recorded on non-controlling interests in HEI securitizations	(12,508)	(1,566)
<b>Total HEI income, net</b>	<b>\$ 24,870</b>	<b>\$ 13,186</b>

(1) Amount includes interest expense associated with ABS issued, which totaled \$3 million and \$1 million for the three and six months ended June 30, 2024 and 2023, respectively.

The following tables summarizes the characteristics of our HEI at June 30, 2024 and December 31, 2023.

**Table 11.4 – HEI Characteristics**

<b>(Dollars in Thousands)</b>	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
	<b>HEI at Redwood</b>	<b>Securitized HEI</b>	<b>HEI at Redwood</b>	<b>Securitized HEI</b>
Number of HEI contracts	1,959	2,317	2,034	2,434
Average initial amount of contract	\$ 105	\$ 95	\$ 105	\$ 96

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 12. Other Investments**

Other investments at June 30, 2024 and December 31, 2023 are summarized in the following table.

**Table 12.1 – Components of Other Investments**

<b>(In Thousands)</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Servicer advance investments	\$ 227,363	\$ 225,345
Strategic investments	59,030	56,107
Excess MSR	34,754	37,367
MSRs	28,653	24,877
Other	106	234
<b>Total Other Investments</b>	<b>\$ 349,906</b>	<b>\$ 343,930</b>

*Servicer advance investments*

We and a third-party co-investor, through two partnerships (“SA Buyers”) consolidated by us, purchased the outstanding servicer advances and excess MSR related to portfolios of residential mortgage-backed securitizations serviced by the co-investor. Refer to *Note 11* to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023 for additional information regarding the transactions.

We account for our servicer advance investments at fair value. At June 30, 2024, our servicer advance investments had a fair value of \$227 million and were associated with specified pools of residential mortgage loans with an unpaid principal balance of \$9.64 billion. The outstanding servicer advance receivables associated with these investments were \$176 million at June 30, 2024, which were financed with short-term, non-recourse securitization debt. See *Note 17* for additional detail on this debt. The servicer advance receivables were comprised of the following types of advances at June 30, 2024 and December 31, 2023.

**Table 12.2 – Components of Servicer Advance Receivables**

<b>(In Thousands)</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Principal and interest advances	\$ 57,284	\$ 60,216
Escrow advances (taxes and insurance advances)	87,137	91,792
Corporate advances	31,207	32,579
<b>Total Servicer Advance Receivables</b>	<b>\$ 175,628</b>	<b>\$ 184,587</b>

During the six months ended June 30, 2024, we received \$9 million in repayments on our servicer advance investments. During the three and six months ended June 30, 2024 we recorded \$5 million and \$10 million of interest income, respectively, through Other interest income, and recorded net market valuation gains of \$12 million and \$11 million, respectively, through Investment fair value changes, net in our consolidated statements of income.

*Excess MSRs*

In association with our servicer advance investments described above, we (through our consolidated SA Buyers) invested in excess MSR associated with the same portfolio of residential mortgage-backed securitizations. Additionally, we own excess MSR associated with specified pools of multifamily loans. We account for our excess MSR at fair value and during the three and six months ended June 30, 2024, we recognized \$3 million and \$7 million, respectively, of interest income through Other interest income and we recorded net market valuation losses of \$1 million and \$3 million, respectively, through Investment fair value changes, net on our consolidated statements of income.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 12. Other Investments - (continued)**

*Mortgage Servicing Rights*

We invest in mortgage servicing rights associated with residential mortgage loans and contract with licensed sub-servicers to perform all servicing functions for these loans. The majority of our investments in MSRs were made through the retention of servicing rights associated with the residential jumbo mortgage loans that we acquired and subsequently sold to third parties or to unconsolidated Sequoia securitization entities. During the three and six months ended June 30, 2024, we retained MSRs associated with loans with an aggregate principal balance of \$1 million and \$10 million from sales of residential loans to third parties. We hold our MSR investments at our taxable REIT subsidiaries.

We account for our MSRs at fair value. At June 30, 2024 and December 31, 2023, our MSRs had a fair value of \$29 million and \$25 million, respectively, and were associated with loans with an aggregate principal balance of \$1.95 billion and \$2.03 billion, respectively. During the three and six months ended June 30, 2024, including net market valuation gains and losses on our MSRs, we recorded net income related to our MSRs of \$4 million and \$8 million, respectively, through Other income on our consolidated statements of income.

*Strategic Investments*

Strategic investments represent investments we made in companies either through our RWT Horizons venture investment platform or separately at a corporate level. At June 30, 2024, we had made a total of 39 investments in companies through RWT Horizons with a total carrying value of \$22 million, as well as eight corporate-level investments with a total carrying value of \$37 million. For both the three and six months ended June 30, 2024, we recognized net market valuation losses of \$1 million on our strategic investments through Investment fair value changes, net in our consolidated statements of income.

In the second quarter of 2023, we established a joint venture with Oaktree Capital Management to invest in residential investor bridge loans originated by our CoreVest subsidiary. At June 30, 2024, the carrying value of our investment in the joint venture was \$6 million. We account for our investment in the joint venture under the equity method of accounting as we have a 20% non-controlling interest, but are deemed to be able to exert significant influence over the affairs of the joint venture. We adjust the carrying value of our equity method investment for our share of earnings or losses, dividends or return of capital on a quarterly basis. For both the three and six months ended June 30, 2024, we recognized net equity method earnings of \$0.2 million and \$0.3 million, respectively, through Other income, net in our consolidated statements of income.

In the first quarter of 2024, we established a joint venture with CPP Investments to invest in residential investor bridge and term loans originated by us. In June 2024, we made an investment in the joint venture of \$1 million. We account for our investment in the joint venture under the equity method of accounting as we have a minority non-controlling interest approximating 20% across both Redwood's direct equity capital contribution to joint venture entities and joint venture co-investments to be held in Redwood's investment portfolio, but we are deemed to be able to exert significant influence over the affairs of the joint venture. We adjust the carrying value of our equity method investment for our share of earnings or losses, dividends or return of capital on a quarterly basis.

See *Note 8* for further information on residential bridge loans sold to these joint ventures.



**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 13. Derivative Financial Instruments**

The following table presents the fair value and notional amount of our derivative financial instruments at June 30, 2024 and December 31, 2023.

*Table 13.1 – Fair Value and Notional Amount of Derivative Financial Instruments*

<b>(In Thousands)</b>	<b>June 30, 2024</b>		<b>December 31, 2023</b>	
	<b>Fair Value</b>	<b>Notional Amount</b>	<b>Fair Value</b>	<b>Notional Amount</b>
<b>Assets - Risk Management Derivatives</b>				
Interest rate swaps	\$ —	\$ —	\$ 1,742	\$ 50,000
TBAs	1,778	710,000	952	385,000
Interest rate futures	457	79,000	—	—
Swaptions	40,298	3,075,000	—	—
<b>Assets - Other Derivatives</b>				
Loan purchase and interest rate lock commitments	5,984	1,162,021	11,518	216,194
<b>Total Assets</b>	<b>\$ 48,517</b>	<b>\$ 5,026,021</b>	<b>\$ 14,212</b>	<b>\$ 651,194</b>
<b>Liabilities - Risk Management Derivatives</b>				
TBAs	\$ (923)	\$ 330,000	\$ (27,020)	\$ 1,405,000
Interest rate futures	(2,717)	348,200	(3,394)	141,500
<b>Liabilities - Other Derivatives</b>				
Loan purchase commitments	(2,314)	386,548	(3,414)	430,983
<b>Total Liabilities</b>	<b>\$ (5,954)</b>	<b>\$ 1,064,748</b>	<b>\$ (33,828)</b>	<b>\$ 1,977,483</b>
<b>Total Derivative Financial Instruments, Net</b>	<b>\$ 42,563</b>	<b>\$ 6,090,769</b>	<b>\$ (19,616)</b>	<b>\$ 2,628,677</b>

**Risk Management Derivatives**

To manage, to varying degrees, risks associated with certain assets and liabilities on our consolidated balance sheets, we may enter into derivative contracts. At June 30, 2024, we were party to interest rate swaptions with an absolute aggregate notional amount of \$3.08 billion, TBA agreements with an absolute aggregate notional amount of \$1.04 billion, and interest rate futures contracts with an absolute aggregate notional amount of \$427 million. At December 31, 2023, we were party to interest rate swaps with an absolute aggregate notional amount of \$50 million, futures with an absolute aggregate notional amount of \$142 million and TBA agreements with an absolute aggregate notional amount of \$1.79 billion.

For the three and six months ended June 30, 2024, risk management derivatives had net market valuation losses of \$10 million and gains of \$0.1 million, respectively. These market valuation gains and losses are recorded in Mortgage banking activities, net and Investment fair value changes, net on our consolidated statements of income.

**Loan Purchase and Interest Rate Lock Commitments**

Loan purchase commitments ("LPCs") and interest rate lock commitments ("IRLCs") that qualify as derivatives are recorded at their estimated fair values. For the three and six months ended June 30, 2024, LPCs and IRLCs had net market valuation gains of \$8 million and \$2 million, respectively, which were recorded in Mortgage banking activities, net on our consolidated statements of income. For both the three and six months ended June 30, 2023, LPCs had net market valuation gains of \$2 million, which were recorded in Mortgage banking activities, net on our consolidated statements of income.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 13. Derivative Financial Instruments - (continued)**

***Derivatives Designated as Cash Flow Hedges***

For interest rate agreements previously designated as cash flow hedges, our total unrealized loss reported in Accumulated other comprehensive loss was \$66 million and \$68 million at June 30, 2024 and December 31, 2023, respectively. We are amortizing this loss into interest expense over the remaining term of our trust preferred securities and subordinated notes. For both of the three and six months ended June 30, 2024 and 2023, we reclassified \$1 million and \$2 million, respectively, of realized net losses from Accumulated other comprehensive loss into Interest expense. As of June 30, 2024, we expect to amortize \$4 million of realized losses related to terminated cash flow hedges into interest expense over the next twelve months.

***Derivative Counterparty Credit Risk***

As discussed in our Annual Report on Form 10-K for the year ended December 31, 2023, we consider counterparty risk as part of our fair value assessments of all derivative financial instruments at each quarter-end. At June 30, 2024, we assessed this risk as remote and did not record an associated specific valuation adjustment. At June 30, 2024, we were in compliance with our derivative counterparty ISDA agreements.

***Balance Sheet Netting***

Certain of our derivatives and debt obligations are subject to master netting arrangements or similar agreements. Under GAAP, in certain circumstances we may elect to present certain financial assets, liabilities and related collateral subject to master netting arrangements in a net position on our balance sheets. However, we do not elect to report any of these financial assets or liabilities on a net basis, and instead present them on a gross basis on our consolidated balance sheets.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 13. Derivative Financial Instruments - (continued)**

The following table presents financial assets and liabilities that are subject to master netting arrangements or similar agreements categorized by financial instrument, together with the corresponding financial instruments and corresponding collateral received or pledged at June 30, 2024 and December 31, 2023.

*Table 13.2 – Offsetting of Financial Assets, Liabilities, and Collateral*

June 30, 2024 (In Thousands)	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in Consolidated Balance Sheet	Net Amounts of Assets (Liabilities) Presented in Consolidated Balance Sheet	Gross Amounts Not Offset in Consolidated Balance Sheet <sup>(1)</sup>		Net Amount
				Financial Instruments	Cash Collateral (Received) Pledged	
<b>Assets <sup>(2)</sup></b>						
Interest rate agreements	\$ 40,298	\$ —	\$ 40,298	\$ —	\$ (40,298)	\$ —
TBAs	1,778	—	1,778	(145)	(711)	922
Futures	457	—	457	(457)	—	—
<b>Total Assets</b>	<b>\$ 42,533</b>	<b>\$ —</b>	<b>\$ 42,533</b>	<b>\$ (602)</b>	<b>\$ (41,009)</b>	<b>\$ 922</b>
<b>Liabilities <sup>(2)</sup></b>						
TBAs	\$ (923)	\$ —	\$ (923)	\$ 145	\$ 778	\$ —
Futures	(2,717)	—	(2,717)	457	2,260	—
Loan warehouse debt	(617,169)	—	(617,169)	617,169	—	—
<b>Total Liabilities</b>	<b>\$ (620,809)</b>	<b>\$ —</b>	<b>\$ (620,809)</b>	<b>\$ 617,771</b>	<b>\$ 3,038</b>	<b>\$ —</b>
<b>December 31, 2023 (In Thousands)</b>						
December 31, 2023 (In Thousands)	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in Consolidated Balance Sheet	Net Amounts of Assets (Liabilities) Presented in Consolidated Balance Sheet	Gross Amounts Not Offset in Consolidated Balance Sheet <sup>(1)</sup>		Net Amount
				Financial Instruments	Cash Collateral (Received) Pledged	
<b>Assets <sup>(2)</sup></b>						
Interest rate agreements	\$ 1,742	\$ —	\$ 1,742	\$ —	\$ —	\$ 1,742
TBAs	952	—	952	(952)	—	—
Futures	—	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 2,694</b>	<b>\$ —</b>	<b>\$ 2,694</b>	<b>\$ (952)</b>	<b>\$ —</b>	<b>\$ 1,742</b>
<b>Liabilities <sup>(2)</sup></b>						
TBAs	\$ (27,020)	\$ —	\$ (27,020)	\$ 952	\$ 25,484	\$ (584)
Futures	(3,394)	—	(3,394)	—	3,394	—
Loan warehouse debt	(471,900)	—	(471,900)	471,900	—	—
<b>Total Liabilities</b>	<b>\$ (502,314)</b>	<b>\$ —</b>	<b>\$ (502,314)</b>	<b>\$ 472,852</b>	<b>\$ 28,878</b>	<b>\$ (584)</b>

(1) Amounts presented in these columns are limited in total to the net amount of assets or liabilities presented in the prior column by instrument. In certain cases, we have pledged excess cash collateral or financial assets to a counterparty (which, in certain circumstances, may be a clearinghouse) that exceed the financial liabilities subject to a master netting arrangement or similar agreement. Additionally, in certain cases, counterparties may have pledged excess cash collateral to us that exceeds our corresponding financial assets. In each case, these excess amounts are excluded from the table; they are separately reported in our consolidated balance sheets as assets or liabilities, respectively.

(2) Interest rate agreements, TBAs and futures are components of derivative instruments on our consolidated balance sheets. Loan warehouse debt, which is secured by certain Residential consumer and Residential investor loans, is a component of Debt obligations on our consolidated balance sheets.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 13. Derivative Financial Instruments - (continued)**

For each category of financial instrument set forth in the table above, the assets and liabilities resulting from individual transactions within that category between us and a counterparty are subject to a master netting arrangement or similar agreement with that counterparty that provides for individual transactions to be aggregated and treated as a single transaction. For certain categories of these instruments, our transactions generally are cleared and settled through one or more clearinghouses that are substituted as our counterparty. References herein to master netting arrangements or similar agreements include the arrangements and agreements governing the clearing and settlement of these transactions through the clearinghouses. In the event of the termination and close-out of any of those transactions, the corresponding master netting agreement or similar agreement provides for settlement on a net basis. Any such settlement would include the proceeds of the liquidation of any corresponding collateral, subject to certain limitations on termination, settlement, and liquidation of collateral that may apply in the event of the bankruptcy or insolvency of a party. Such limitations should not inhibit the eventual practical realization of the principal benefits of those transactions or the corresponding master netting arrangement or similar agreement and any corresponding collateral.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 14. Other Assets and Liabilities**

**Other Assets**

Other assets at June 30, 2024 and December 31, 2023 are summarized in the following table.

**Table 14.1 – Components of Other Assets**

<b>(In Thousands)</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Real estate owned	\$ 99,885	\$ 93,599
Accrued interest receivable	92,018	69,072
Investment receivable	62,372	67,302
Deferred tax asset	40,116	40,115
Intangible assets	23,454	28,462
Goodwill	23,373	23,373
Operating lease right-of-use assets	10,621	12,532
Margin receivable	9,758	33,414
Fixed assets and leasehold improvements <sup>(1)</sup>	6,650	7,829
Other	34,934	27,246
<b>Total Other Assets</b>	<b>\$ 403,181</b>	<b>\$ 402,944</b>

(1) Fixed assets and leasehold improvements had a basis of \$18 million and accumulated depreciation of \$11 million at June 30, 2024.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 14. Other Assets and Liabilities - (continued)**

*REO*

The Company holds REO at the lower of the current carrying amount or fair value less estimated selling costs. The following table summarizes the activity and carrying values of REO assets held at Redwood and at consolidated Sequoia, Freddie Mac SLST, and CAFL entities during the six months ended June 30, 2024.

**Table 14.2 – REO Activity**

<b>(In Thousands)</b>	<b>Six Months Ended June 30, 2024</b>					
	<b>Bridge <sup>(1)</sup></b>	<b>Sequoia</b>	<b>Freddie Mac SLST</b>	<b>Term at CAFL</b>	<b>Total</b>	
Balance at beginning of period	\$ 87,757	\$ —	\$ 3,158	\$ 2,684	2684	93,599
Transfers to REO	3,951	—	1,300	8,582		13,833
Liquidations <sup>(2)</sup>	(127)	—	(2,334)	—		(2,461)
Changes in fair value, net	(5,489)	—	403	—		(5,086)
<b>Balance at End of Period</b>	<b>\$ 86,092</b>	<b>\$ —</b>	<b>\$ 2,527</b>	<b>\$ 11,266</b>		<b>\$ 99,885</b>

(1) Includes REO held at Redwood and within consolidated CAFL Bridge securitization entities.

(2) For the six months ended June 30, 2024, REO market valuation adjustments and liquidations resulted in net valuation losses of \$3 million, which were recorded in Investment fair value changes, net on our consolidated statements of income.

The following table provides detail on the numbers of REO assets at Redwood and at consolidated Sequoia, Freddie Mac SLST, and CAFL entities at June 30, 2024 and December 31, 2023.

**Table 14.3 – REO Assets**

<b>Number of REO assets</b>	<b>Redwood Bridge</b>	<b>Sequoia</b>	<b>Freddie Mac SLST</b>	<b>Term at CAFL</b>	<b>Total</b>
At June 30, 2024	22	—	20	4	46
At December 31, 2023	16	—	28	1	45

*Investment Receivable*

Investment receivable primarily consists of amounts receivable from third-party servicers related to principal and interest receivable from residential investor loans and fees receivable from servicer advance investments.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 14. Other Assets and Liabilities - (continued)**

*Intangible Assets and Goodwill*

On July 1, 2022, we acquired Riverbend Funding LLC ("Riverbend"), a private mortgage lender to residential transitional and commercial real estate investors. Refer to *Note 2* of our Annual Report on Form 10-K for the year ended December 31, 2023 for additional information regarding this acquisition, including purchase price allocations. Additionally, in 2019 we acquired 5 Arches and CoreVest, originators of residential investor loans. In connection with these acquisitions, we identified and recorded finite-lived intangible assets totaling \$95 million. Intangible Assets are included in Other Assets on our Consolidated Balance Sheets.

The table below presents the amortization period and carrying value of our intangible assets, net of accumulated amortization at June 30, 2024.

**Table 14.4 – Intangible Assets – Activity**

(Dollars in Thousands)	Intangible Assets at Acquisition	Accumulated Amortization at June 30, 2024	Carrying Value at June 30, 2024	Weighted Average Amortization Period (in years)
Borrower network	\$ 56,300	\$ (33,612)	\$ 22,688	7
Broker network	18,100	(18,100)	—	5
Non-compete agreements	11,400	(10,767)	633	3
Tradenames	4,400	(4,267)	133	3
Developed technology	1,800	(1,800)	—	2
Loan administration fees on existing loan assets	2,600	(2,600)	—	1
<b>Total</b>	<b>\$ 94,600</b>	<b>\$ (71,146)</b>	<b>\$ 23,454</b>	<b>6</b>

All of our intangible assets are amortized on a straight-line basis. For the six months ended June 30, 2024, we recorded intangible asset amortization expense of \$5 million. For the six months ended June 30, 2023, we recorded intangible asset amortization expense of \$6 million. Estimated future amortization expense is summarized in the table below.

**Table 14.5 – Intangible Asset Amortization Expense by Year**

(In Thousands)	June 30, 2024
2024 (6 months)	\$ 4,406
2025	8,426
2026	6,694
2027	1,571
2028 and thereafter	2,357
<b>Total Future Intangible Asset Amortization</b>	<b>\$ 23,454</b>

On a quarterly basis, we evaluate our finite-lived intangible assets for impairment indicators and additionally evaluate the useful lives of our intangible assets to determine if revisions to the remaining periods of amortization are warranted. We reviewed our finite-lived intangible assets and determined that the estimated lives were appropriate and that there were no indicators of impairment at June 30, 2024.

Goodwill is tested for impairment annually or more frequently if indicators of impairment exist. We have elected to make the first day of our fiscal fourth quarter as the annual impairment assessment date for goodwill. We recorded total goodwill of \$23 million as a result of the total consideration exceeding the fair value of the net assets acquired from Riverbend. For reporting purposes, we included the intangible assets and goodwill from the Riverbend acquisition within our Residential Investor Mortgage Banking segment. There were no changes to the balance of goodwill during the three and six months ended June 30, 2024.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 14. Other Assets and Liabilities - (continued)**

The potential liability resulting from the contingent consideration arrangement with Riverbend was recorded at its acquisition-date fair value of zero as part of the total consideration for the acquisition of Riverbend. At June 30, 2024, the estimated fair value of this contingent liability was zero on our consolidated balance sheets. Our contingent consideration liability is recorded at fair value and periodic changes in the estimated fair value are recorded through Other expenses on our consolidated statements of income. During the six months ended June 30, 2024, we did not record any contingent consideration income or expense related to our acquisition of Riverbend. See *Note 18* for additional information on our contingent consideration liability.

*Operating Lease Right-of-Use Assets and Operating Lease Liabilities*

See *Note 18* for additional information on leases.

*Margin Receivable and Payable*

Margin receivable and payable resulted from margin calls between us and our counterparties under derivatives, master repurchase agreements, and warehouse facilities, whereby we or the counterparty posted collateral. We met all margin calls due through June 30, 2024.

*Accrued Expenses and Other Liabilities*

Accrued expenses and other liabilities at June 30, 2024 and December 31, 2023 are summarized in the following table.

**Table 14.6 – Components of Accrued Expenses and Other Liabilities**

<b>(In Thousands)</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Payable to noncontrolling interests	\$ 97,215	\$ 81,177
Accrued interest payable	60,060	52,755
Margin payable	44,583	350
Accrued compensation	21,570	28,140
Operating lease liabilities	12,656	14,725
Accrued operating expenses	9,321	5,527
Current accounts payable	4,698	4,992
Guarantee obligations	4,649	5,781
Accrued taxes payable	4,078	—
Unsettled trades	3,859	—
Residential consumer loan and MSR repurchase reserve	3,631	4,700
Bridge loan holdbacks <sup>(1)</sup>	2,148	2,059
Preferred stock dividends payable	1,478	1,478
Other	24,290	15,119
<b>Total Accrued Expenses and Other Liabilities</b>	<b>\$ 294,236</b>	<b>\$ 216,803</b>

(1) Bridge loan holdbacks represent amounts withheld from the initial loan proceeds and are subsequently disbursed to the borrower to be used in the construction, rehabilitation or purchase of the mortgaged property or to fund interest on the bridge loan.

*Legal and Repurchase Reserves*

See *Note 18* for additional information on legal and repurchase reserves.

*Payable to Non-Controlling Interests*

Redwood and a third-party co-investor, through two partnership entities consolidated by Redwood, purchased servicer advances and excess MSRs related to a portfolio of residential mortgage loans serviced by the co-investor (see *Note 12* and *Note 15* for additional information on the partnership entities and associated investments). We account for the co-investor's interests in the entities as liabilities, and at June 30, 2024, the carrying value of their interests was \$25 million, representing their current economic interest in the entities. Earnings from the partnership entities are allocated to the co-investors on a proportional basis and during the three and six



**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 14. Other Assets and Liabilities - (continued)**

months ended June 30, 2024, we allocated \$3 million and \$4 million of income to the co-investors, respectively, recorded in Other expenses on our consolidated statements of income.

Additionally, Redwood and a third-party investor co-sponsored the transfer and securitization of HEI through two HEI securitization entities. Other third-party investors contributed HEI into these securitizations through Redwood and retained subordinate beneficial interests issued by the securitization entities alongside Redwood. See *Note 11* for a further discussion of the HEI securitization. We account for the co-investors' interests in the HEI securitization entities as liabilities, and at June 30, 2024, the carrying value of their interests was \$72 million, representing the fair value of their economic interests in the beneficial interests issued by the HEI entities. During the three and six months ended June 30, 2024, the investors' share of earnings, net from their retained interests was \$7 million and \$13 million, respectively, recorded through HEI income, net on our consolidated statements of income.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 15. Principles of Consolidation**

In the normal course of business, we enter into certain types of transactions with entities that are considered to be VIEs. The Company's primary involvement with VIEs has been related to its securitization transactions in which it transfers assets to securitization vehicles. We primarily securitize our acquired and originated loans, which provides a source of funding and has enabled us to transfer a certain portion of economic risk on loans or related debt securities to third parties. The entity that has a controlling financial interest in a VIE is referred to as the primary beneficiary and is required to consolidate the VIE.

The GAAP principles we apply require us to reassess our requirement to consolidate VIEs each quarter and therefore our determination may change based upon new facts and circumstances pertaining to each VIE. This could result in a material impact to our consolidated financial statements during subsequent reporting periods.

*Analysis of Consolidated VIEs*

We currently consolidate the assets and liabilities of variable interests in certain securitization vehicles in which we are the primary beneficiary. These include certain legacy Sequoia securitization entities issued prior to 2012, certain entities formed during and after 2012 in connection with the securitization of Redwood Select prime loans and Redwood Choice expanded-prime loans (all together referred to as "Sequoia"), entities formed in connection with the securitization of CoreVest residential investor term and bridge loans ("CAFL") and entities formed in connection with the securitization of HEI. We also consolidate the assets and liabilities of certain Freddie Mac K-series and Freddie Mac Seasoned Loans Structured Transaction ("SLST") securitizations (and re-securitization of such SLST securities) in which we have invested. Each securitization entity is independent of Redwood and of each other and the assets and liabilities are not owned by and are not legal obligations of Redwood Trust Inc. Our exposure to these entities is primarily through the financial interests we have purchased or retained, although for certain entities we are exposed to financial risks associated with our role as a sponsor or co-sponsor, servicing administrator, collateral administrator, or depositor of these entities or as a result of our having sold assets directly or indirectly to these entities.

We also consolidate two Servicing Investment entities formed to invest in servicing-related assets that we determined were VIEs and for which we determined we were the primary beneficiary. At June 30, 2024, we held an 80% ownership interest in, and were responsible for the management of, each entity. See *Note 12* for a further description of these entities and the investments they hold and *Note 14* for additional information on the minority partner's non-controlling interest. Additionally, we consolidated an entity that was formed to finance servicer advances that we determined was a VIE and for which we, through our control of one of the aforementioned partnerships, were the primary beneficiary. The servicer advance financing consists of non-recourse short-term securitization debt, secured by servicer advances. We consolidate the securitization entity, but the securitization entity is independent of Redwood and the assets and liabilities are not owned by and are not legal obligations of Redwood. See *Note 17* for additional information on the servicer advance financing.

During the fourth quarter of 2023 and the third quarter of 2021, we co-sponsored two HEI securitization transactions, and we consolidate the respective HEI securitization entities that we determined were VIEs and for which we determined we were the primary beneficiary. At June 30, 2024 and December 31, 2023, we owned a portion of the subordinate certificates issued by these entities and had certain decision-making rights for the entities. See *Note 11* for a further description of these entities and the investments it holds and *Note 14* for additional information on non-controlling interests in these entities. We consolidate these HEI securitization entities, but the securitization entities are independent of Redwood and the assets and liabilities are not owned by and are not legal obligations of Redwood.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 15. Principles of Consolidation - (continued)**

During the fourth quarter of 2023, we re-securitized subordinate securities we owned in our consolidated Freddie Mac SLST securitization trusts through the transfer of these financial assets to a re-securitization trust that we sponsored. We retain a subordinate investment in the re-securitization trust and maintain certain discretionary rights associated with the ownership of this investment that we determined reflected a controlling financial interest in the entity, as we have both the power to direct the activities that most significantly impact the performance of the VIE and the right to receive benefits of, and the obligation to absorb losses from, the VIE that could potentially be significant to the VIE.

For certain of our consolidated VIEs, we have elected to account for the assets and liabilities of these entities as collateralized financing entities ("CFE"). A CFE is a variable interest entity that holds financial assets and issues beneficial interests in those assets, and these beneficial interests have contractual recourse only to the related assets of the CFE. Accounting guidance for CFEs allows companies to elect to measure both the financial assets and financial liabilities of a CFE using the more observable of the fair value of the financial assets or fair value of the financial liabilities. The net equity in an entity accounted for under the CFE election effectively represents the fair value of the beneficial interests we own in the entity.

In addition to our consolidated VIEs for which we made the CFE election, we consolidate certain VIEs for which we did not make the CFE election and elected to account for the ABS issued by these entities at amortized cost. These include two CAFL bridge loan securitizations and the Freddie Mac SLST re-securitization.

The following table presents a summary of the assets and liabilities of our consolidated VIEs.

**Table 15.1 – Assets and Liabilities of Consolidated VIEs**

June 30, 2024								Total
(Dollars in Thousands)	Sequoia	CAFL <sup>(1)</sup>	Freddie Mac SLST <sup>(1)</sup>	Freddie Mac K-Series	Servicing Investment	HEI	Consolidated VIEs	
Residential consumer loans, held-for-investment	\$ 6,950,586	\$ —	\$ 1,297,022	\$ —	\$ —	\$ —	\$ —	\$ 8,247,608
Residential investor loans, held-for-investment	—	3,423,094	—	—	—	—	—	3,423,094
Consolidated Agency multifamily loans	—	—	—	421,794	—	—	—	421,794
Home equity investments	—	—	—	—	—	320,816	—	320,816
Other investments	—	—	—	—	257,676	—	—	257,676
Cash and cash equivalents	—	—	—	—	24,791	—	—	24,791
Restricted cash	149	22,280	—	—	—	10,918	—	33,347
Accrued interest receivable	31,821	18,481	4,678	1,257	2,383	—	—	58,620
Other assets	—	49,640	2,527	—	4,181	99	—	56,447
<b>Total Assets</b>	<b>\$ 6,982,556</b>	<b>\$ 3,513,495</b>	<b>\$ 1,304,227</b>	<b>\$ 423,051</b>	<b>\$ 289,031</b>	<b>\$ 331,833</b>	<b>\$ —</b>	<b>\$ 12,844,193</b>
Short-term debt	\$ —	\$ —	\$ —	\$ —	\$ 145,785	\$ —	\$ —	\$ 145,785
Accrued interest payable	27,879	9,984	4,288	1,131	367	—	—	43,649
Accrued expenses and other liabilities	—	6,650	—	—	43,058	72,269	—	121,977
Asset-backed securities issued	6,686,531	3,058,191	1,204,835	387,791	—	218,203	—	11,555,551
<b>Total Liabilities</b>	<b>\$ 6,714,410</b>	<b>\$ 3,074,825</b>	<b>\$ 1,209,123</b>	<b>\$ 388,922</b>	<b>\$ 189,210</b>	<b>\$ 290,472</b>	<b>\$ —</b>	<b>\$ 11,866,962</b>
<b>Value of our investments in VIEs<sup>(1)</sup></b>	<b>\$ 264,136</b>	<b>\$ 444,932</b>	<b>\$ 94,714</b>	<b>\$ 34,003</b>	<b>\$ 99,821</b>	<b>\$ 41,361</b>	<b>\$ —</b>	<b>\$ 978,967</b>
<b>Number of VIEs</b>	<b>48</b>	<b>21</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>—</b>	<b>78</b>

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 15. Principles of Consolidation - (continued)**

<b>December 31, 2023</b> <b>(Dollars in Thousands)</b>	<b>Sequoia</b>	<b>CAFL<sup>(1)</sup></b>	<b>Freddie Mac SLST<sup>(1)</sup></b>	<b>Freddie Mac K-Series</b>	<b>Servicing Investment</b>	<b>HEI</b>	<b>Total Consolidated VIEs</b>
Residential consumer loans, held-for-investment	\$ 4,780,203	\$ —	\$ 1,359,242	\$ —	\$ —	\$ —	\$ 6,139,445
Residential investor loans, held-for-investment	—	3,734,321	—	—	—	—	3,734,321
Consolidated Agency multifamily loans	—	—	—	425,285	—	—	425,285
Home equity investments	—	—	—	—	—	305,717	305,717
Other investments	—	—	—	—	257,489	—	257,489
Cash and cash equivalents	—	—	—	—	9,482	—	9,482
Restricted cash	163	33,921	—	—	—	10,821	44,905
Accrued interest receivable	20,029	20,806	4,821	1,320	822	—	47,798
Other assets	—	14,886	3,158	—	6,337	62	24,443
<b>Total Assets</b>	<b>\$ 4,800,395</b>	<b>\$ 3,803,934</b>	<b>\$ 1,367,221</b>	<b>\$ 426,605</b>	<b>\$ 274,130</b>	<b>\$ 316,600</b>	<b>\$ 10,988,885</b>
Short-term debt	\$ —	\$ —	\$ —	\$ —	\$ 153,653	\$ —	\$ 153,653
Accrued interest payable	16,293	11,537	4,496	1,190	416	—	33,932
Accrued expenses and other liabilities	—	2,734	—	—	34,357	59,752	96,843
Asset-backed securities issued	4,568,660	3,362,978	1,265,777	391,977	—	222,488	9,811,880
<b>Total Liabilities</b>	<b>\$ 4,584,953</b>	<b>\$ 3,377,249</b>	<b>\$ 1,270,273</b>	<b>\$ 393,167</b>	<b>\$ 188,426</b>	<b>\$ 282,240</b>	<b>\$ 10,096,308</b>
<b>Value of our investments in VIEs<sup>(1)</sup></b>	<b>\$ 211,638</b>	<b>\$ 424,136</b>	<b>\$ 96,623</b>	<b>\$ 33,308</b>	<b>\$ 85,704</b>	<b>\$ 34,361</b>	<b>\$ 885,770</b>
<b>Number of VIEs</b>	<b>42</b>	<b>21</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>72</b>

(1) The value of our investments in VIEs, as presented in this table, generally represents the fair value of the economic interests we own in VIEs (i.e., the securities or other interests we legally own in the consolidated securitizations or other VIEs). While most of our VIEs are accounted for under the CFE election (whereby the net equity in the VIE generally represents the fair value of our retained interests and associated accrued interest receivable), certain entities, including two CAFL bridge loan securitizations (included within the CAFL column), our SLST re-securitization (included within the Freddie Mac SLST column), and our Servicing Investment VIEs are not accounted for under the CFE election and their associated ABS issued are accounted for at amortized historical cost. As of June 30, 2024 and December 31, 2023, the fair value of our interests in the CAFL term loan securitizations accounted for under the CFE election were \$337 million and \$323 million, respectively, and the fair value of our interest in the CAFL bridge loan securitizations accounted for under the CFE election was \$25 million and \$22 million, respectively, with the difference from the tables above generally representing ABS issued and carried at amortized historical cost and accrued interest on our economic interests. As of June 30, 2024 and December 31, 2023, the fair value of our interests in the Freddie Mac SLST securitizations accounted for under the CFE election were \$258 million and \$274 million, respectively, with the difference from the tables above representing ABS issued and carried at amortized historical cost.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 15. Principles of Consolidation - (continued)**

The following tables present income (loss) from these VIEs for the three and six months ended June 30, 2024 and 2023.

**Table 15.2 – Income (Loss) from Consolidated VIEs**

<b>Three Months Ended June 30, 2024</b>							
<b>(Dollars in Thousands)</b>	<b>Sequoia</b>	<b>CAFL</b>	<b>Freddie Mac SLST</b>	<b>Freddie Mac K-Series</b>	<b>Servicing Investment</b>	<b>HEI</b>	<b>Total Consolidated VIEs</b>
Interest income	\$ 80,881	\$ 58,881	\$ 14,308	\$ 4,559	\$ 7,403	\$ —	\$ 166,032
Interest expense	(74,373)	(41,279)	(13,610)	(4,177)	(3,142)	—	(136,581)
<b>Net interest income</b>	<b>6,508</b>	<b>17,602</b>	<b>698</b>	<b>382</b>	<b>4,261</b>	<b>—</b>	<b>29,451</b>
<b>Non-interest income</b>							
Investment fair value changes, net	4,322	2,597	(5,137)	452	10,649	—	12,883
HEI income, net	—	—	—	—	—	4,176	4,176
Other income	—	428	—	—	—	—	428
<b>Total non-interest income, net</b>	<b>4,322</b>	<b>3,025</b>	<b>(5,137)</b>	<b>452</b>	<b>10,649</b>	<b>4,176</b>	<b>17,487</b>
General and administrative expenses	—	—	(14)	—	(39)	—	(53)
Other expenses	—	—	—	—	(2,974)	—	(2,974)
<b>Income (loss) from Consolidated VIEs</b>	<b>\$ 10,830</b>	<b>\$ 20,627</b>	<b>\$ (4,453)</b>	<b>\$ 834</b>	<b>\$ 11,897</b>	<b>\$ 4,176</b>	<b>\$ 43,911</b>

<b>Six Months Ended June 30, 2024</b>							
<b>(Dollars in Thousands)</b>	<b>Sequoia</b>	<b>CAFL</b>	<b>Freddie Mac SLST</b>	<b>Freddie Mac K-Series</b>	<b>Servicing Investment</b>	<b>HEI</b>	<b>Total Consolidated VIEs</b>
Interest income	\$ 143,859	\$ 119,875	\$ 28,924	\$ 9,140	\$ 14,954	\$ —	\$ 316,752
Interest expense	(133,195)	(84,562)	(27,591)	(8,376)	(6,361)	—	(260,085)
<b>Net interest income</b>	<b>10,664</b>	<b>35,313</b>	<b>1,333</b>	<b>764</b>	<b>8,593</b>	<b>—</b>	<b>56,667</b>
<b>Non-interest income</b>							
Investment fair value changes, net	9,450	16,100	(1,407)	695	9,146	—	33,984
HEI income, net	—	—	—	—	—	7,064	7,064
Other income	—	733	—	—	—	—	733
Realized gains, net	—	314	—	—	—	—	314
<b>Total non-interest income, net</b>	<b>9,450</b>	<b>17,147</b>	<b>(1,407)</b>	<b>695</b>	<b>9,146</b>	<b>7,064</b>	<b>42,095</b>
General and administrative expenses	—	—	(28)	—	(90)	—	(118)
Other expenses	—	—	—	—	(3,530)	—	(3,530)
<b>Income (loss) from Consolidated VIEs</b>	<b>\$ 20,114</b>	<b>\$ 52,460</b>	<b>\$ (102)</b>	<b>\$ 1,459</b>	<b>\$ 14,119</b>	<b>\$ 7,064</b>	<b>\$ 95,114</b>

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 15. Principles of Consolidation - (continued)**

Three Months Ended June 30, 2023							
(Dollars in Thousands)	Sequoia	CAFL	Freddie Mac SLST	Freddie Mac K-Series	Servicing Investment	HEI	Total Consolidated VIEs
Interest income	\$ 40,218	\$ 54,583	\$ 15,273	\$ 4,698	\$ 7,911	\$ —	\$ 122,683
Interest expense	(36,653)	(38,545)	(10,650)	(4,311)	(3,796)	—	(93,955)
<b>Net interest income</b>	<b>3,565</b>	<b>16,038</b>	<b>4,623</b>	<b>387</b>	<b>4,115</b>	<b>—</b>	<b>28,728</b>
<b>Non-interest income</b>							
Investment fair value changes, net	918	11,601	(16,563)	385	5,253	—	1,594
HEI income, net	—	—	—	—	—	453	453
Other income	—	212	—	—	—	—	212
<b>Total non-interest income, net</b>	<b>918</b>	<b>11,813</b>	<b>(16,563)</b>	<b>385</b>	<b>5,253</b>	<b>453</b>	<b>2,259</b>
General and administrative expenses	—	—	—	—	(3)	—	(3)
Other expenses	—	—	—	—	(1,904)	—	(1,904)
<b>Income (loss) from Consolidated VIEs</b>	<b>\$ 4,483</b>	<b>\$ 27,851</b>	<b>\$ (11,940)</b>	<b>\$ 772</b>	<b>\$ 7,461</b>	<b>\$ 453</b>	<b>\$ 29,080</b>

Six Months Ended June 30, 2023							
(Dollars in Thousands)	Sequoia	CAFL	Freddie Mac SLST	Freddie Mac K-Series	Servicing Investment	HEI	Total Consolidated VIEs
Interest income	\$ 77,405	\$ 109,020	\$ 30,766	\$ 9,316	\$ 15,725	\$ —	\$ 242,232
Interest expense	(69,212)	(78,087)	(21,868)	(8,552)	(7,644)	—	(185,363)
<b>Net interest income</b>	<b>8,193</b>	<b>30,933</b>	<b>8,898</b>	<b>764</b>	<b>8,081</b>	<b>—</b>	<b>56,869</b>
<b>Non-interest income</b>							
Investment fair value changes, net	3,266	1,919	(7,629)	748	4,206	878	3,388
Other income	—	384	—	—	—	—	384
<b>Total non-interest income, net</b>	<b>3,266</b>	<b>2,303</b>	<b>(7,629)</b>	<b>748</b>	<b>4,206</b>	<b>878</b>	<b>3,772</b>
General and administrative expenses	—	—	—	—	7	—	7
Other expenses	—	—	—	—	(2,481)	—	(2,481)
<b>Income (loss) from Consolidated VIEs</b>	<b>\$ 11,459</b>	<b>\$ 33,236</b>	<b>\$ 1,269</b>	<b>\$ 1,512</b>	<b>\$ 9,813</b>	<b>\$ 878</b>	<b>\$ 58,167</b>

**Analysis of Unconsolidated VIEs with Continuing Involvement**

Since 2012, we have transferred residential consumer loans to 46 Sequoia securitization entities sponsored by us that are still outstanding as of June 30, 2024, and accounted for these transfers as sales for financial reporting purposes, in accordance with GAAP. We also determined we were not the primary beneficiary of these VIEs as we lacked the power to direct the activities that will have the most significant economic impact on the entities. For certain of these transfers to securitization entities, for the transferred loans where we held the servicing rights prior to the transfer and continued to hold the servicing rights following the transfer, we recorded mortgage servicing rights ("MSRs") on our consolidated balance sheets and classified those MSRs as Level 3 assets. We also retained senior and subordinate securities in these securitizations that we classified as Level 3 assets. Our continuing involvement in these securitizations is limited to customary servicing obligations associated with retaining servicing rights (which we retain a third-party sub-servicers to perform) and the receipt of interest income associated with the securities we retained.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 15. Principles of Consolidation - (continued)**

The following table presents additional information at June 30, 2024 and December 31, 2023, related to unconsolidated VIEs sponsored by Redwood and accounted for as sales since 2012.

**Table 15.3 – Unconsolidated VIEs Sponsored by Redwood**

<b>(In Thousands)</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
<b>On-balance sheet assets, at fair value:</b>		
Interest-only, senior and subordinate securities, classified as trading	\$ 35,632	\$ 31,690
Subordinate securities, classified as AFS	88,165	78,942
Mortgage servicing rights	12,301	10,885
Maximum loss exposure <sup>(1)</sup>	<u>\$ 136,098</u>	<u>\$ 121,517</u>
<b>Assets transferred:</b>		
Principal balance of loans outstanding	\$ 3,627,578	\$ 3,758,914
Principal balance of loans 30+ days delinquent	14,278	22,367

(1) Maximum loss exposure from our involvement with unconsolidated VIEs pertains to the carrying value of our securities and MSRs retained from these VIEs and represents estimated losses that would be incurred under severe, hypothetical circumstances, such as if the value of our interests and any associated collateral declines to zero. This does not include, for example, any potential exposure to representation and warranty claims associated with our initial transfer of loans into a securitization.

Our assessments of whether we are required to consolidate a VIE may change in subsequent reporting periods based upon changing facts and circumstances pertaining to each VIE. Any related accounting changes could result in a material impact to our financial statements.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 16. Asset-Backed Securities Issued**

ABS issued represents securities issued by non-recourse securitization entities we consolidate under GAAP. The majority of our ABS issued is carried at fair value under the CFE election (see *Note 15* for additional detail) with the remainder carried at amortized cost. The carrying values of ABS issued by our consolidated securitization entities at June 30, 2024 and December 31, 2023, along with other selected information, are summarized in the following table.

**Table 16.1 – Asset-Backed Securities Issued**

<b>June 30, 2024</b>						
<b>(Dollars in Thousands)</b>	<b>Sequoia</b>	<b>CAFL <sup>(1)</sup></b>	<b>Freddie Mac SLST <sup>(2)</sup></b>	<b>Freddie Mac K-Series</b>	<b>HEI</b>	<b>Total</b>
Certificates with principal balance	\$ 7,393,323	\$ 3,172,393	\$ 1,280,405	\$ 398,127	\$ 222,301	\$ 12,466,549
Interest-only certificates at fair value	50,849	86,701	12,172	3,056	—	152,778
Market valuation adjustments	(757,641)	(200,903)	(84,650)	(13,392)	(4,098)	(1,060,684)
Unamortized debt discount and deferred debt issuance costs	—	—	(3,093)	—	—	(3,093)
<b>ABS Issued, Net</b>	<b>\$ 6,686,531</b>	<b>\$ 3,058,191</b>	<b>\$ 1,204,834</b>	<b>\$ 387,791</b>	<b>\$ 218,203</b>	<b>\$ 11,555,550</b>
Range of weighted average interest rates, by series <sup>(3)</sup>	2.67% to 6.71%	2.31% to 7.89%	3.50% to 7.50%	3.41%	3.94% to 6.77%	
Stated maturities <sup>(3)</sup>	2024-2054	2027-2033	2028-2059	2025	2052-2053	
Number of series	48	20	3	1	2	

  

<b>December 31, 2023</b>						
<b>(Dollars in Thousands)</b>	<b>Sequoia</b>	<b>CAFL <sup>(1)</sup></b>	<b>Freddie Mac SLST <sup>(2)</sup></b>	<b>Freddie Mac K-Series</b>	<b>HEI</b>	<b>Total</b>
Certificates with principal balance	\$ 5,151,646	\$ 3,472,825	\$ 1,328,657	\$ 402,400	\$ 233,131	\$ 10,588,659
Interest-only certificates at fair value	52,274	101,828	13,856	4,562	—	172,520
Market valuation adjustments	(635,260)	(209,740)	(72,742)	(14,985)	(10,643)	(943,370)
Unamortized debt discount and deferred debt issuance costs	—	(1,935)	(3,994)	—	—	(5,929)
<b>ABS Issued, Net</b>	<b>\$ 4,568,660</b>	<b>\$ 3,362,978</b>	<b>\$ 1,265,777</b>	<b>\$ 391,977</b>	<b>\$ 222,488</b>	<b>\$ 9,811,880</b>
Range of weighted average interest rates, by series <sup>(3)</sup>	2.67% to 6.66%	2.34% to 7.89%	3.50% to 7.50%	3.55 %	3.86% to 6.70%	
Stated maturities <sup>(3)</sup>	2024-2053	2027-2033	2028-2059	2025	2052-2053	
Number of series	42	21	3	1	2	

(1) Includes \$417 million and \$485 million (principal balance) of ABS issued by two CAFL bridge securitization trusts sponsored by Redwood and accounted for at amortized cost at June 30, 2024 and December 31, 2023, respectively.

(2) Includes \$166 million and \$182 million (principal balance) of ABS issued by a re-securitization trust sponsored by Redwood and accounted for at amortized cost at both June 30, 2024 and December 31, 2023, respectively.

(3) Certain ABS issued by CAFL and HEI securitization entities are subject to early redemption and interest rate step-ups as described below.



**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 16. Asset-Backed Securities Issued - (continued)**

The actual maturity of each class of ABS issued is primarily determined by the rate of principal prepayments on the assets of the issuing entity. Each series is also subject to redemption prior to the stated maturity according to the terms of the respective governing documents of each ABS issuing entity. As a result, the actual maturity of ABS issued may occur earlier than the stated maturity. At June 30, 2024, the majority of the ABS issued and outstanding had contractual maturities beyond five years. See *Note 15* for detail on the carrying value components of the collateral for ABS issued and outstanding.

For additional information related to certain of our asset-backed securities issued that are presented above, see *Note 15* to the Consolidated Financial Statements of our 2023 Annual Report on Form 10-K.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 17. Debt Obligations, Net**

We enter into loan warehouse facilities, repurchase agreements ("repo"), recourse subordinate securities financings, and other forms of collateralized (and generally uncommitted) borrowings with several banks and major investment banking firms. Additionally, we have various forms of corporate debt to finance our investments and operations. At June 30, 2024, we had outstanding agreements on debt obligations with several counterparties and we were in compliance with all of the related covenants.

The following tables summarize our debt obligations at June 30, 2024 and December 31, 2023.

**Table 17.1 – Debt Obligations, Net**

(Dollars in Thousands)	June 30, 2024						
	Number of Facilities or Issuances	Principal Amount	Carrying Value	Facility Capacity	Weighted Average Interest Rate <sup>(1)</sup>	Final Stated Maturity	Carrying Value of Collateral
<b>Short-Term Warehouse Facilities and Other</b>							
Residential consumer loan warehouse facilities	6	\$ 886,801	\$ 886,802	\$ 1,650,000	7.21 %	10/2024-5/2025	\$ 957,143
Residential investor loan warehouse facilities	1	5,931	5,931	350,000	7.39 %	6/2025	7,377
Real estate securities repurchase facilities	5	87,924	87,924	—	6.67 %	7/2024-9/2024	123,289
Residential MSR warehouse facility	1	45,645	45,645	50,000	8.59 %	10/2024	86,152
HEI warehouse facility	1	103,446	103,446	150,000	9.85 %	11/2024	212,422
Servicer advance financing	1	146,110	145,785	240,000	7.69 %	12/2024	227,363
<b>Recourse Subordinate Securities Financings:</b>							
Sequoia securities <sup>(3)</sup>	1	121,123	121,123	N/A	7.21 %	9/2024	183,922
CAFL securities 1 <sup>(3)</sup>	1	97,366	97,366	N/A	7.21 %	2/2025	128,526
CAFL securities 2 <sup>(3)</sup>	1	52,954	52,954	N/A	4.75 %	6/2026	116,425
<b>Long-Term Residential Investor Facilities</b>	<b>6</b>	<b>991,843</b>	<b>989,939</b>	<b>2,175,000</b>	<b>8.53 %</b>	<b>7/2025-6/2026</b>	<b>1,360,667</b>
<b>Corporate Debt:</b>							
Promissory notes <sup>(2) (3)</sup>	3	14,887	14,887	—	7.05 %	N/A	—
\$250 Million Facility	1	125,000	118,327	250,000	10.35 %	3/2026	297,619
5.625% convertible senior notes <sup>(3)</sup>	1	107,339	107,339	N/A	5.63 %	7/2024	N/A
5.75% exchangeable senior notes <sup>(3)</sup>	1	156,666	155,557	N/A	5.75 %	10/2025	N/A
7.75% convertible senior notes <sup>(3)</sup>	1	207,410	203,214	N/A	7.75 %	6/2027	N/A
Trust preferred securities and subordinated notes	2	139,500	138,836	N/A	7.84 %	1/2037, 7/2037	N/A
9.125% Senior Notes <sup>(3)</sup>	1	60,000	57,677	N/A	9.13 %	3/2029	N/A
9.0% Senior Notes <sup>(3)</sup>	1	85,000	81,874	N/A	9.00 %	9/2029	N/A
<b>Total Debt Obligations</b>		<b>\$ 3,434,945</b>	<b>\$ 3,414,626</b>				<b>\$ 3,700,905</b>

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 17. Debt Obligations, Net - (continued)**

(Dollars in Thousands)	December 31, 2023						
	Number of Facilities or Issuances	Principal Amount	Carrying Value	Facility Capacity	Weighted Average Interest Rate <sup>(1)</sup>	Final Stated Maturity	Carrying Value of Collateral
<b>Short-Term Warehouse Facilities and Other</b>							
Residential consumer loan warehouse facilities	4	\$ 796,537	\$ 796,537	\$ 1,150,000	7.27 %	2/2024-12/2024	\$ 907,742
Residential investor loan warehouse facilities	2	71,851	71,719	455,000	8.14 %	5/2024-6/2024	95,225
Real estate securities repurchase facilities	3	82,622	82,622	0	7.01 %	1/2024-3/2024	122,110
Residential MSR warehouse facility	1	47,858	47,858	50,000	8.60 %	10/2024	76,560
HEI warehouse facility	1	122,659	122,659	150,000	9.89 %	8/2024	237,973
Servicer advance financing	1	154,369	153,654	240,000	7.71 %	12/2024	225,345
<b>Recourse Subordinate Securities Financings:</b>							
Sequoia securities <sup>(3)</sup>	1	124,552	124,552	N/A	7.21 %	9/2024	175,096
CAFL securities 1 <sup>(3)</sup>	1	101,228	101,228	N/A	5.71 %	2/2025	124,793
CAFL securities 2 <sup>(3)</sup>	1	57,982	57,982	N/A	4.75 %	6/2026	112,813
<b>Long-Term Residential Investor Facilities</b>	<b>6</b>	<b>1,023,384</b>	<b>1,021,708</b>	<b>2,350,000</b>	<b>8.14 %</b>	<b>3/2025-12/2026</b>	<b>1,327,907</b>
<b>Corporate Debt:</b>							
Promissory notes <sup>(2) (3)</sup>	3	16,063	16,063	N/A	6.97 %	N/A	—
5.625% convertible senior notes <sup>(3)</sup>	1	142,977	142,558	N/A	5.63 %	7/2024	N/A
5.75% exchangeable senior notes <sup>(3)</sup>	1	156,666	155,138	N/A	5.75 %	10/2025	N/A
7.75% convertible senior notes <sup>(3)</sup>	1	210,910	206,032	N/A	7.75 %	6/2027	N/A
Trust preferred securities and subordinated notes	2	139,500	138,813	N/A	7.90 %	1/2037, 7/2037	N/A
<b>Total Debt Obligations</b>		<b>\$ 3,249,158</b>	<b>\$ 3,239,123</b>				<b>\$ 3,405,564</b>

(1) Variable rate borrowings are based on 1- or 3-month AMERIBOR or SOFR, plus an applicable spread.

(2) Promissory notes payable on demand to lender with 90-day notice.

(3) Borrowing has a fixed interest rate at period end.

**Facilities and Other Financing**

We use debt financing obtained through several different types of borrowing facilities to, among other things, finance the acquisition and/or origination of residential consumer and residential investor mortgage loans (including those we acquire or originate in anticipation of sale or securitization), and finance investments in securities and other investments. At June 30, 2024, Redwood and or its subsidiaries have entered into eight short-term warehouse facilities to finance our residential consumer loans, MSRs and unsecuritized HEIs totaling \$1.85 billion of total capacity, and seven residential investor loan facilities totaling \$2.53 billion of total capacity to finance our residential investor loans.

Servicer advance financing consists of non-recourse short-term securitization debt used to finance servicer advance investments. We consolidate the securitization entity that issued the debt, but the entity is independent of Redwood and the assets and liabilities are not owned by and are not legal obligations of Redwood.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 17. Debt Obligations, Net - (continued)**

***Recourse Subordinate Securities Financing Facilities***

At June 30, 2024, a subsidiary of Redwood had a repurchase agreement providing non-marginable (i.e., not subject to margin calls based solely on the lender's determination, in its discretion, of the market value of the underlying collateral that is non-delinquent) recourse debt financing of certain Sequoia securities as well as securities retained from our consolidated Sequoia securitizations. The financing was fully and unconditionally guaranteed by Redwood, and had an interest rate of approximately 4.21% through September 2022, 5.71% from October 2022 through September 2023, and 7.21% from October 2023 through final maturity in September 2024. In July 2024, this repurchase facility was refinanced into a new, non-recourse resecuritization, with a principal balance of \$205 million, a blended interest rate of 8.5%, and a final stated maturity date of December 2054. The collateral for the July 2024 resecuritization includes Sequoia securities that had been financed with our recourse subordinate securities financing, Sequoia securities financed through other facilities or previously unfinanced Sequoia securities.

In 2020, a subsidiary of Redwood entered into a repurchase agreement providing non-marginable recourse debt financing of certain securities retained from our consolidated CAFL securitizations. The financing is fully and unconditionally guaranteed by Redwood, with an interest rate of approximately 4.21% through February 2023, increasing to 5.71% from March 2023 through February 2024, and to 7.21% from March 2024 through February 2025. The financing facility may be terminated at our option, beginning in February 2023, and has a final maturity in February 2025.

In 2021, a subsidiary of Redwood entered into a repurchase agreement providing non-marginable recourse debt financing of certain securities retained from our consolidated CAFL securitizations. The financing is guaranteed by Redwood, with an interest rate of approximately 4.75% through June 2024, increasing to 6.25% from July 2024 through June 2025, and to 7.75% from July 2025 to June 2026. The financing facility may be terminated at our option, beginning in June 2023, and has a final maturity in June 2026.

***Corporate Debt***

We use corporate debt obligations to fund other aspects of our business and operations, including the repurchase of shares of our capital stock.

In connection with our acquisition of Riverbend, we assumed promissory notes that are payable on demand with a 90-day notice from the lender or which may be repaid by us with a 90-day notice. These unsecured, non-marginable, recourse notes were issued in three separate series with fixed interest rates between 6% and 8%.

In March 2024, we entered into a corporate secured revolving financing facility with CPP Investments to provide non-marginable recourse debt financing secured by previously unencumbered assets, such as retained Residential Consumer and Residential Investor subordinate securities and other investments, as well as equity in certain operating subsidiaries. At June 30, 2024, this facility had a capacity of \$250 million and a two-year term, with a one-year extension option.

In January 2024, Redwood issued \$60 million of 9.125% Senior Notes due in 2029. The Senior Notes are senior unsecured obligations of Redwood and bear interest at a rate equal to 9.125% per year, payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, beginning on June 1, 2024. The Senior Notes mature on March 1, 2029. We may redeem the Senior Notes, in whole or in part, at any time on or after March 1, 2026 at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest.

In June 2024, Redwood issued \$85 million of 9.0% Senior Notes due in 2029. The Senior Notes are senior unsecured obligations of Redwood and bear interest at a rate equal to 9.0% per year, payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, beginning on September 1, 2024. The Senior Notes mature on September 1, 2029. We may redeem the Senior Notes, in whole or in part, at any time on or after September 1, 2026 at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest.

During the three and six months ended June 30, 2024, we repurchased \$9 million and \$36 million par value, respectively, of our 5.625% convertible senior notes and we repaid these notes in full in July 2024.

During the six months ended June 30, 2024, we repurchased \$4 million par value of our 7.75% convertible senior notes at a discount and recorded a gain on extinguishment of \$0.1 million in Realized gains, net on our consolidated statements of income.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 18. Commitments and Contingencies**

**Lease Commitments**

At June 30, 2024, we were obligated under eight non-cancelable operating leases with expiration dates through 2031 for \$14 million of cumulative lease payments. For the six-months ended June 30, 2024 and 2023, our operating lease expense was \$2 million and \$3 million, respectively.

The following table presents our future lease commitments at June 30, 2024.

**Table 18.1 – Future Lease Commitments by Year**

<b>(In Thousands)</b>	<b>June 30, 2024</b>
2024 (6 months)	\$ 2,224
2025	3,687
2026	3,520
2027	2,588
2028	1,122
2029 and thereafter	869
<b>Total Lease Commitments</b>	<b>14,010</b>
Less: Imputed interest	(1,354)
<b>Operating Lease Liabilities</b>	<b>\$ 12,656</b>

During the six months ended June 30, 2024, we did not enter into any new office leases with a lease term of greater than one year. At June 30, 2024, our operating lease liabilities were \$13 million, which were a component of Accrued expenses and other liabilities, and our operating lease right-of-use assets were \$11 million, which were a component of Other assets.

We determined that none of our leases contained an implicit interest rate and used a discount rate equal to our incremental borrowing rate on a collateralized basis to determine the present value of our total lease payments. As such, we determined the applicable discount rate for each of our leases using a swap rate plus an applicable spread for borrowing arrangements secured by our real estate loans and securities for a length of time equal to the remaining lease term on the lease commencement date. At June 30, 2024, the weighted-average remaining lease term and weighted-average discount rate for our leases was 4 years and 5.3%, respectively.

**Commitment to Fund Residential Investor Bridge Loans**

As of June 30, 2024, we had commitments to fund up to \$448 million of additional advances on existing residential investor bridge loans. These commitments are generally subject to loan agreements with covenants regarding the financial performance of the borrower and other terms regarding advances that must be met before we fund the commitment. At June 30, 2024, we carried a \$2 million contingent liability related to these commitments to fund construction advances. During the three and six months ended June 30, 2024, we recorded a net market valuation expense of \$0.4 million of \$1 million, respectively, related to this liability through Mortgage banking activities and Investment of fair value changes, net on our consolidated statements of income.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 18. Commitments and Contingencies - (continued)**

***Commitment to Fund Joint Ventures***

In the first quarter of 2024, we entered into a joint venture with CPP Investments pursuant to which we will offer to sell certain residential investor bridge and term loans we originate into joint venture entities that meet specified criteria at contractually pre-established prices. We have committed approximately \$100 million of equity capital to be allocated to the joint venture entities and joint venture co-investments to be held in Redwood's investment portfolio. At June 30, 2024, we had contributed \$1 million of capital to the joint venture.

In the second quarter of 2023, we entered into a joint venture with Oaktree to invest in residential investor bridge loans originated by our CoreVest subsidiary. We have a commitment to contribute up to approximately \$19 million to the joint venture to fund the joint venture's purchase of residential investor bridge loans, under the updated terms of the joint venture. At June 30, 2024, we had contributed \$5 million of capital to the joint venture.

For additional information related to our commitments and contingencies, see *Note 17* to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023.

***Loss Contingencies — Repurchase Reserves***

We maintain a repurchase reserve for potential obligations arising from representation and warranty violations related to residential consumer and residential investor loans we have sold to securitization trusts or third parties and for conforming residential consumer loans associated with MSRs that we have purchased from third parties. We do not originate residential consumer loans and we believe the initial risk of loss due to loan repurchases (i.e., due to a breach of representations and warranties) would generally be a contingency to the companies from whom we acquired the loans. However, in some cases, for example, where loans were acquired from companies that have since become insolvent, repurchase claims may result in our being liable for a repurchase obligation.

At June 30, 2024 and December 31, 2023, our repurchase reserve associated with our residential consumer loans and MSRs was \$3 million and \$5 million, respectively, and was recorded in accrued expenses and other liabilities on our consolidated balance sheets. During the six months ended June 30, 2024 and 2023, we received two and one repurchase request, respectively. During the six months ended June 30, 2024 and 2023 we repurchased two and five loans, respectively. During both the six months ended June 30, 2024 and 2023, we recorded reversals of repurchase provision expenses of \$1 million, in Mortgage banking activities, net, on our consolidated statements of income.

At June 30, 2024 and December 31, 2023, our repurchase reserve associated with residential investor loans sold to third-parties was \$0.2 million and zero, respectively, and was recorded in accrued expenses and other liabilities on our consolidated balance sheets. During the six months ended June 30, 2024 and 2023, we received ten and three repurchase requests, respectively, for residential investor loans sold to third parties, and repurchased one and twelve residential investor loans, respectively, that had been sold to third parties. At June 30, 2024, two open repurchase requests were outstanding for residential investor loans sold to third parties.

***Loss Contingencies — Litigation, Claims and Demands***

There is no significant update regarding the litigation matters described in *Note 17* within the financial statements included in Redwood's Annual Report on Form 10-K for the year ended December 31, 2023 under the heading "*Loss Contingencies - Litigation, Claims and Demands.*"

For additional information related to our commitments and contingencies, see *Note 17* to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 19. Equity**

The following tables provide a summary of changes to Accumulated other comprehensive income (loss) by component for three and six months ended June 30, 2024 and 2023.

**Table 19.1 – Changes in Accumulated Other Comprehensive Income (Loss) by Component**

<b>(In Thousands)</b>	<b>Three Months Ended June 30, 2024</b>		<b>Three Months Ended June 30, 2023</b>	
	<b>Available-for-Sale Securities</b>	<b>Interest Rate Agreements Accounted for as Cash Flow Hedges</b>	<b>Available-for-Sale Securities</b>	<b>Interest Rate Agreements Accounted for as Cash Flow Hedges</b>
Balance at beginning of period	\$ 18,246	\$ (67,147)	\$ 8,249	\$ (71,285)
Other comprehensive income before reclassifications	1,054	—	(688)	—
Amounts reclassified from other accumulated comprehensive income (loss)	(514)	1,029	604	1,029
Net current-period other comprehensive income (loss)	540	1,029	(84)	1,029
<b>Balance at End of Period</b>	<b>\$ 18,786</b>	<b>\$ (66,118)</b>	<b>\$ 8,165</b>	<b>\$ (70,256)</b>

<b>(In Thousands)</b>	<b>Six Months Ended June 30, 2024</b>		<b>Six Months Ended June 30, 2023</b>	
	<b>Available-for-Sale Securities</b>	<b>Interest Rate Agreements Accounted for as Cash Flow Hedges</b>	<b>Available-for-Sale Securities</b>	<b>Interest Rate Agreements Accounted for as Cash Flow Hedges</b>
Balance at beginning of period	\$ 10,219	\$ (68,176)	\$ 3,435	\$ (72,303)
Other comprehensive income (loss) before reclassifications	9,710	—	4,319	—
Amounts reclassified from other accumulated comprehensive income (loss)	(1,143)	2,058	411	2,047
Net current-period other comprehensive income (loss)	8,567	2,058	4,730	2,047
<b>Balance at End of Period</b>	<b>\$ 18,786</b>	<b>\$ (66,118)</b>	<b>\$ 8,165</b>	<b>\$ (70,256)</b>

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 19. Equity - (continued)**

The following tables provide a summary of reclassifications out of Accumulated other comprehensive income (loss) for the three and six months ended June 30, 2024 and 2023.

*Table 19.2 – Reclassifications Out of Accumulated Other Comprehensive Loss*

<b>(In Thousands)</b>	<b>Affected Line Item in the Income Statement</b>	<b>Amount Reclassified From Accumulated Other Comprehensive Loss</b>	
		<b>Three Months Ended June 30,</b>	
		<b>2024</b>	<b>2023</b>
<b>Net Realized Loss on AFS Securities</b>			
(Decrease) increase in allowance for credit losses on AFS securities	Investment fair value changes, net	\$ (514)	\$ 71
Loss (gain) on sale of AFS securities	Realized gains, net	—	533
		<u>\$ (514)</u>	<u>\$ 604</u>
<b>Net Realized Loss on Interest Rate Agreements Designated as Cash Flow Hedges</b>			
Amortization of deferred loss	Interest expense	\$ 1,029	\$ 1,029
		<u>\$ 1,029</u>	<u>\$ 1,029</u>

<b>(In Thousands)</b>	<b>Affected Line Item in the Income Statement</b>	<b>Amount Reclassified From Accumulated Other Comprehensive Loss</b>	
		<b>Six Months Ended June 30,</b>	
		<b>2024</b>	<b>2023</b>
<b>Net Realized (Gain) Loss on AFS Securities</b>			
(Decrease) increase in allowance for credit losses on AFS securities	Investment fair value changes, net	\$ (1,143)	\$ 99
Loss (gain) on sale of AFS securities	Realized gains, net	—	312
		<u>\$ (1,143)</u>	<u>\$ 411</u>
<b>Net Realized Loss on Interest Rate Agreements Designated as Cash Flow Hedges</b>			
Amortization of deferred loss	Interest expense	\$ 2,058	\$ 2,047
		<u>\$ 2,058</u>	<u>\$ 2,047</u>

**Issuance of Common Stock**

We have an established program to sell common stock from time to time in at-the-market ("ATM") offerings. During the six months ended June 30, 2024, we did not issue any shares of common stock under this program. At June 30, 2024, the remaining share issuance capacity under this program was approximately \$50 million.

**Preferred Stock**

In January 2023, Redwood issued 2.8 million shares of 10.00% Series A Fixed-Rate Reset Cumulative Redeemable Preferred Stock ("Series A Preferred Stock") for gross proceeds of \$70 million and net proceeds of approximately \$67 million, after deducting the underwriting discount and other estimated expenses. The Series A Preferred Stock pays quarterly cumulative cash dividends through January 15, 2028 at a fixed annual rate of 10%, based on the stated liquidation preference of \$25.00 per share, in arrears, when authorized by Redwood's Board of Directors and declared by the Company. Starting April 15, 2028, the annual dividend rate will reset to the five-year U.S. Treasury Rate plus a spread of 6.278%. The Series A Preferred Stock ranks senior to Redwood's common stock with respect to rights to the payment of dividends and the distribution of assets upon any liquidation, dissolution or



**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 19. Equity - (continued)**

winding up of the Company. During the three and six months ended June 30, 2024, the Company declared preferred stock dividends of \$0.625 and \$1.2500 per preferred share, respectively. At June 30, 2024, preferred dividends payable totaling \$1 million for the second quarter 2024 dividend were included in Accrued expenses and other liabilities and were payable on July 15, 2024 to preferred stockholders of record on July 1, 2024.

***Direct Stock Purchase and Dividend Reinvestment Plan***

During the three months ended June 30, 2024, we did not issue any shares of common stock through our Direct Stock Purchase and Dividend Reinvestment Plan. At June 30, 2024, approximately six million shares remained outstanding for future offerings under this plan.

***Common Stock Warrants***

In conjunction with establishing the joint venture with CPP Investments in March 2024, we issued warrants exercisable for 1,974,905 shares of our common stock (the “First Tranche Warrants”); and (ii) warrants exercisable for 4,608,112 shares of our common stock (the “Second Tranche Warrants” and together with the First Tranche Warrants, the “Warrants”). The First Tranche Warrants are exercisable from March 18, 2025 to March 18, 2029. The Second Tranche Warrants will vest upon achievement of specified deployment thresholds related to our joint venture with CPP Investments and, if vested, will be exercisable from the date the Second Tranche Warrants vest to March 18, 2029. The initial strike price of the Warrants is \$7.76. The Warrants also contain a mandatory exercise provision, exercisable at Redwood’s option upon satisfaction of specified conditions, including the trading price of Redwood’s common stock exceeding a specified premium to the exercise price. Exercises of any Warrants will be settled on a net basis.

The Warrants met the criteria for equity classification under ASC 815, *Derivatives and Hedging*, and are recorded as a component of Additional paid-in-capital in Equity on our Consolidated Balance Sheets. The Warrants were valued at \$0.8 million on the issuance date and are not subject to subsequent remeasurement. See *Note 20* for discussion on the impact of the Warrants on earnings per common share.

For additional information related to our equity, see *Note 18* to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 20. Earnings per Common Share**

The following table provides the basic and diluted earnings per common share computations for the three and six months ended June 30, 2024 and 2023.

*Table 20.1 – Basic and Diluted Earnings per Common Share*

<b>(In Thousands, except Share Data)</b>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Basic Earnings per Common Share:</b>				
Net income available to common stockholders	\$ 13,777	\$ 1,115	\$ 42,289	\$ 4,316
Less: Dividends and undistributed earnings allocated to participating securities	(985)	(876)	(2,028)	(2,280)
Net income available to common stockholders	<u>\$ 12,792</u>	<u>\$ 239</u>	<u>\$ 40,261</u>	<u>\$ 2,036</u>
Basic weighted average common shares outstanding	132,115,854	114,051,017	131,843,100	113,830,347
<b>Basic Earnings per Common Share</b>	<u>\$ 0.10</u>	<u>\$ —</u>	<u>\$ 0.31</u>	<u>\$ 0.02</u>
<b>Diluted Earnings per Common Share:</b>				
Net income available to common stockholders	\$ 13,777	\$ 1,115	\$ 42,289	\$ 4,316
Less: Dividends and undistributed earnings allocated to participating securities	(985)	(876)	(2,028)	(2,280)
Net income available to common stockholders	<u>\$ 12,792</u>	<u>\$ 239</u>	<u>\$ 40,261</u>	<u>\$ 2,036</u>
Weighted average common shares outstanding	132,115,854	114,051,017	131,843,100	113,830,347
Net effect of dilutive equity awards	7,848	394,245	3,924	424,945
Net effect of assumed convertible notes conversion to common shares	—	—	—	—
Diluted weighted average common shares outstanding	<u>132,123,702</u>	<u>114,445,262</u>	<u>131,847,024</u>	<u>114,255,292</u>
<b>Diluted Earnings per Common Share</b>	<u>\$ 0.10</u>	<u>\$ —</u>	<u>\$ 0.31</u>	<u>\$ 0.02</u>

We included participating securities, which are certain equity awards that have non-forfeitable dividend participation rights, in the calculations of basic and diluted earnings per common share as we determined that the two-class method was more dilutive than the alternative treasury stock method for these shares. Dividends and undistributed earnings allocated to participating securities under the basic and diluted earnings per share calculations require specific shares to be included that may differ in certain circumstances.

During the three and six months ended June 30, 2024 and 2023, none of our convertible notes were determined to be dilutive and were not included in the calculation of diluted EPS under the "if-converted" method. Under this method, for convertible and exchangeable notes due in 2024 and 2025, the periodic interest expense (net of applicable taxes) for dilutive notes is added back to the numerator and the weighted average number of shares that the notes are entitled to (if converted, regardless of whether they are in or out of the money) are included in the denominator. For convertible notes due in 2027, if the potential conversion of the debt is dilutive, then the number of shares needed to settle the conversion premium are added to the shares outstanding used to calculate dilutive EPS.

During the three and six months ended June 30, 2024, none of our Warrants were determined to be dilutive to our calculation of dilutive earnings per common share. The warrants would have a dilutive effect on earnings per common share to the extent that the Warrants are vested and exercisable, and the market value per share of our common stock exceeds the strike price of the Warrants.

For the three and six months ended June 30, 2024, 34,537,361 and 35,105,457 of common shares, respectively, related to the assumed conversion of our convertible notes, were antidilutive and were excluded in the calculation of diluted earnings per share. For the three and six months ended June 30, 2023, 44,712,499 and 45,509,857 of common shares, respectively, related to the assumed conversion of our convertible notes, were antidilutive and were excluded in the calculation of diluted earnings per share. For the three and six months ended June 30, 2024, the number of outstanding equity awards that were antidilutive totaled 20,376 and 42,537 common shares, respectively. For the three and six months ended June 30, 2023, the number of outstanding equity awards that were antidilutive totaled 27,408 and 55,882 common shares, respectively.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 21. Equity Compensation Plans**

At June 30, 2024 and December 31, 2023, 9,414,568 and 10,211,459 shares of common stock, respectively, were available for grant under our Incentive Plan. The unamortized compensation cost of awards issued under the Incentive Plan, which are settled by delivery of shares of common stock, and purchases under the Employee Stock Purchase Plan, totaled \$36 million at June 30, 2024, as shown in the following table.

*Table 21.1 – Activities of Equity Compensation Costs by Award Type*

<b>(In Thousands)</b>	<b>Six Months Ended June 30, 2024</b>				
	<b>Restricted Stock Units</b>	<b>Deferred Stock Units</b>	<b>Performance Stock Units</b>	<b>Employee Stock Purchase Plan</b>	<b>Total</b>
Unrecognized compensations cost at beginning of period	\$ 3,166	\$ 18,920	\$ 15,519	\$ —	\$ 37,605
Equity grants	3,522	7,790	—	266	11,578
Grant date fair value adjustment	—	—	—	—	—
Equity grant forfeitures	(607)	(1,147)	—	—	(1,754)
Equity compensation expense	(1,194)	(6,256)	(3,570)	(134)	(11,154)
<b>Unrecognized Compensation Cost at End of Period</b>	<b>\$ 4,887</b>	<b>\$ 19,307</b>	<b>\$ 11,949</b>	<b>\$ 132</b>	<b>\$ 36,275</b>

At June 30, 2024, the weighted average amortization period remaining for all of our equity awards was less than two years.

**Restricted Stock Units ("RSUs")**

We generally grant RSUs annually, as part of our compensation process. In addition, RSUs are granted from time to time in connection with hiring and promotions. RSUs generally vest over the course of a four-year vesting period, and are distributed annually, at the end of each vesting period.

At June 30, 2024 and December 31, 2023, we had 791,439 and 593,570 RSUs outstanding, respectively. During the six months ended June 30, 2024, we granted 542,719 RSUs, distributed 271,010 RSUs, and 73,840 RSUs were forfeited due to employee termination. Unvested RSUs at June 30, 2024 vest through 2028.

**Deferred Stock Units ("DSUs")**

We generally grant DSUs annually, as part of our compensation process. In addition, DSUs are granted from time to time in connection with hiring and promotions and in lieu of the payment in cash of a portion of annual bonus earned. DSUs generally vest over the course of a four-year vesting period, and are distributed after the end of the final vesting period or after an employee is terminated.

At June 30, 2024 and December 31, 2023, we had 5,576,627 and 4,821,172 DSUs outstanding, respectively, of which 2,603,607 and 2,284,480, respectively, had vested. During the six months ended June 30, 2024, we granted 1,245,295 DSUs, distributed 378,125 DSUs and 111,715 DSUs were forfeited due to employee termination. Unvested DSUs at June 30, 2024 vest through 2028.

**Performance Stock Units ("PSUs")**

We generally grant PSUs annually, as part of our compensation process. PSUs generally have performance-based vesting over the course of a three-year vesting/performance period, and, subject to meeting certain performance criteria, will vest and be distributed after the end of the vesting period.

At June 30, 2024 and December 31, 2023, the target number of PSUs that were unvested was 2,598,194 and 3,072,039, respectively. Vesting for PSUs generally occurs approximately three years from their respective grant dates based on various total shareholder return performance calculations, as discussed in *Note 19* to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 21. Equity Compensation Plans - (continued)**

For 473,845 target PSU awards that were granted in December 2020, the performance vesting period ended on January 1, 2024. Based upon the performance-based vesting criteria of these awards, 564,975 shares of our common stock underlying these PSUs qualified for vesting, which was approved by our Board of Directors during the six months ended June 30, 2024. These PSUs were distributed as shares of our common stock in April 2024.

***Employee Stock Purchase Plan ("ESPP")***

The ESPP allows a maximum of 1,100,000 shares of common stock to be purchased in aggregate for all employees. As of June 30, 2024 and December 31, 2023, 805,906 and 763,369 shares had been purchased, respectively, and there remained a negligible amount of uninvested employee contributions in the ESPP at June 30, 2024.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 22. Components of Operating Expenses**

Components of our general and administrative expenses, portfolio management costs, loan acquisition costs, and other expenses for the three and six months ended June 30, 2024 and 2023 are presented in the following table.

*Table 22.1 – Components of Operating Expenses*

(In Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>General and Administrative Expenses</b>				
Fixed compensation expense <sup>(1)</sup>	\$ 13,073	\$ 12,786	\$ 29,330	\$ 28,145
Annual variable compensation expense	4,051	3,187	6,968	7,192
Long-term incentive award expense <sup>(2)</sup>	7,338	6,237	13,825	14,179
Systems and consulting	3,254	2,854	6,455	5,966
Office costs	2,076	2,289	4,158	4,329
Accounting and legal	789	1,176	2,006	2,095
Corporate costs	985	957	1,857	1,886
Other	1,718	1,319	3,254	2,568
<b>Total General and Administrative Expenses</b>	<b>33,284</b>	<b>30,805</b>	<b>67,853</b>	<b>66,360</b>
<b>Portfolio Management Costs</b>	<b>4,864</b>	<b>3,100</b>	<b>8,461</b>	<b>6,610</b>
<b>Loan Acquisition Costs</b>				
Commissions	1,571	1,023	2,452	1,851
Underwriting costs	1,039	219	1,721	461
Transfer and holding costs	1,054	202	1,728	421
<b>Total Loan Acquisition Costs</b>	<b>3,664</b>	<b>1,444</b>	<b>5,901</b>	<b>2,733</b>
<b>Other Expenses</b>				
Amortization of purchase-related intangible assets	2,202	3,107	5,007	6,214
Other	2,975	1,868	3,531	2,445
<b>Total Other Expenses</b>	<b>5,177</b>	<b>4,975</b>	<b>8,538</b>	<b>8,659</b>
<b>Total Operating Expenses</b>	<b>\$ 46,989</b>	<b>\$ 40,324</b>	<b>\$ 90,753</b>	<b>\$ 84,362</b>

(1) Includes \$2 million and \$1 million of severance and transition-related expenses for the six months ended June 30, 2024 and 2023, respectively.

(2) Includes \$1 million of equity amortization expense related to employee terminations for both the six months ended June 30, 2024 and 2023. For the three months ended June 30, 2024 and 2023, long-term incentive award expense included \$5 million and \$4 million of expense, respectively, for awards settleable in shares of our common stock, and \$2 million and \$1 million of expense, respectively, for awards settleable in cash. For the six months ended June 30, 2024 and 2023, long-term incentive award expense included \$11 million and \$10 million of expense, respectively, for awards settleable in shares of our common stock, and \$3 million and \$3 million of expense, respectively, for awards settleable in cash.

For additional information related to cash-settled, long-term incentive awards, see *Note 22* to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023.

**REDWOOD TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2024**  
**(Unaudited)**

**Note 23. Taxes**

For the six months ended June 30, 2024 and 2023, we recognized a provision for income taxes of \$5 million and benefit from income taxes of \$1 million, respectively. The following is a reconciliation of the statutory federal and state tax rates to our effective tax rate at June 30, 2024 and 2023.

*Table 23.1 – Reconciliation of Statutory Tax Rate to Effective Tax Rate*

	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Federal statutory rate	21.0 %	21.0 %
State taxes, net of Federal tax effect, as applicable	1.9 %	(0.2)%
Differences in taxable income (loss) from GAAP income	0.3 %	(4.9)%
Change in valuation allowance	— %	— %
REIT GAAP income or loss not subject to federal income tax	(12.6)%	(32.3)%
<b>Effective Tax Rate</b>	<b>10.6 %</b>	<b>(16.4)%</b>

We assessed our tax positions for all open tax years (i.e., Federal, 2020 to 2024, and State, 2019 to 2024) at June 30, 2024 and December 31, 2023, and concluded that we had no uncertain tax positions that resulted in material unrecognized tax benefits.

As of June 30, 2024, the Company has a valuation allowance of \$117 million for certain state deferred tax assets, as it is more likely than not that those assets will not be realized. The Company considers all available evidence, both positive and negative, to analyze the realizability of deferred tax assets. After evaluating these sources of taxable income, and considering the jurisdiction and character of the deferred tax assets, the Company continues to recognize its federal and certain state deferred tax assets of \$40 million at June 30, 2024, as it believes it is more likely than not that the net deferred tax assets will be realized.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

### INTRODUCTION

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results. Our MD&A is presented in five main sections:

- [Overview](#)
- [Results of Operations](#)
  - [Consolidated Results of Operations](#)
  - [Results of Operations by Segment](#)
  - [Income Taxes](#)
- [Liquidity and Capital Resources](#)
- [Critical Accounting Estimates](#)
- [Market and Other Risks](#)

Our MD&A should be read in conjunction with the Consolidated Financial Statements and related Notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q and in Part II, Item 8, Financial Statements and Supplementary Data in our most recent Annual Report on Form 10-K, as well as the sections entitled “Risk Factors” in Part I, Item 1A of our most recent Annual Report on Form 10-K and Part II, Item 1A of this Quarterly Report on Form 10-Q, as well as other cautionary statements and risks described elsewhere in this report and our most recent Annual Report on Form 10-K. The discussion in this MD&A contains forward-looking statements that involve substantial risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, such as those discussed in the Cautionary Statement below.

References herein to “Redwood,” the “company,” “we,” “us,” and “our” include Redwood Trust, Inc. and its consolidated subsidiaries, unless the context otherwise requires. Financial information concerning our business is set forth in this MD&A and our consolidated financial statements and notes thereto, which are included in Part I, Item 1 of this Quarterly Report on Form 10-Q. In the first quarter of 2024, we updated the names of our Residential loans to Residential consumer loans and our Business purpose loans to Residential investor loans. There were no changes to the classifications of account balances as a result of this update in names. All prior period references in this document were conformed to this presentation.

Our website can be found at [www.redwoodtrust.com](http://www.redwoodtrust.com). We make available, free of charge through the investor relations section of our website, access to our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934, as well as proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission (“SEC”). We also make available, free of charge, access to our charters for our Audit Committee, Compensation Committee, and Governance and Nominating Committee, our Corporate Governance Standards, and our Code of Ethics governing our directors, officers, and employees. Within the time period required by the SEC and the New York Stock Exchange, we will post on our website any amendment to the Code of Ethics and any waiver applicable to any executive officer or director of Redwood. In addition, our website includes information concerning purchases and sales of our equity securities by our executive officers and directors, and may include disclosure relating to certain non-GAAP financial measures (as defined in the SEC’s Regulation G) that we may make public orally, telephonically, by webcast, by broadcast, or by similar means from time to time. The information on our website is not part of this Quarterly Report on Form 10-Q.

Our Investor Relations Department can be contacted at One Belvedere Place, Suite 300, Mill Valley, CA 94941, Attn: Investor Relations, telephone (866) 269-4976.

## Our Business

Redwood Trust, Inc., together with its subsidiaries, is a specialty finance company focused on several distinct areas of housing credit. Our operating platforms occupy a unique position in the housing finance value chain, providing liquidity to growing segments of the U.S. housing market not well served by government programs. We deliver customized housing credit investments to a diverse mix of investors through our best-in-class securitization platforms, whole-loan distribution activities and our publicly-traded securities. Our aggregation, origination and investment activities have evolved to incorporate a diverse mix of residential consumer and residential investor housing credit assets. Our goal is to provide attractive returns to shareholders through a stable and growing stream of earnings and dividends, capital appreciation, and a commitment to technological innovation that facilitates risk-minded scale. We operate our business in three segments: Residential Consumer Banking, Residential Investor Mortgage Banking, and Investment Portfolio. For a full description of our segments, see Part 1, Item 1—Business in our Annual Report on Form 10-K for the year ended December 31, 2023.

## Cautionary Statement

This Quarterly Report on Form 10-Q and the documents incorporated by reference herein contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “anticipate,” “estimate,” “will,” “should,” “expect,” “believe,” “intend,” “seek,” “plan” and similar expressions or their negative forms, or by references to strategy, plans, opportunities, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, under the caption “Risk Factors.” Other risks, uncertainties, and factors that could cause actual results to differ materially from those projected may be described from time to time in reports we file with the SEC, including reports on Forms 10-Q and 8-K. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Statements regarding the following subjects, among others, are forward-looking by their nature: (i) statements we make regarding Redwood's business strategy and strategic focus, including statements relating to our overall market position, strategy and long-term prospects (including trends driving the flow of capital in the housing finance market, our strategic initiatives designed to capitalize on those trends, our ability to attract capital to finance those initiatives, our approach to raising capital, and our ability to pay dividends in the future); (ii) statements related to our financial outlook and expectations for 2024 and future years, including statements regarding the economic impacts of inflation, monetary policy, volatility and potential regulatory changes in the banking sector, and shifting sources of liquidity in the residential mortgage market; (iii) statements regarding our progress in developing private capital partnerships that we expect to enhance our earnings, liquidity, operating and distribution capabilities going forward; (iv) statements related to our investment portfolio, including that there remains potential upside in our portfolio through market discount, that at June 30, 2024, our securities portfolio had approximately \$2.18 per share of net discount to par, and that we expect our legacy multifamily bridge loan portfolio to continue factoring down in the next two to three quarters, with moderating interest rates potentially accelerating payoff and refinance activity; (v) statements related to opportunities we see for our residential consumer and residential investor platforms, and our positioning to capture market share; (vi) statements relating to acquiring residential mortgage loans in the future that we have identified for purchase or plan to purchase, including the amount of such loans that we identified for purchase during the second quarter of 2024 and at June 30, 2024, expected fallout and the corresponding volume of residential mortgage loans expected to be available for purchase, total net jumbo loan exposure, and residential mortgage loans subject to forward sale commitments; (vii) statements we make regarding future dividends, including with respect to our regular quarterly dividends in 2024; and (viii) statements regarding our expectations and estimates relating to the characterization for income tax purposes of our dividend distributions, our expectations and estimates relating to tax accounting, tax liabilities and tax savings, and GAAP tax provisions, and our estimates of REIT taxable income and TRS taxable income.



Important factors, among others, that may affect our actual results include:

- general economic trends and the performance of the housing, real estate, mortgage finance, and broader financial markets;
- changing benchmark interest rates, and the Federal Reserve's actions and statements regarding monetary policy;
- federal, state, and local legislative and regulatory developments and the actions of governmental authorities and entities;
- the impact of public health issues such as the COVID-19 pandemic;
- our ability to compete successfully;
- our ability to adapt our business model and strategies to changing circumstances;
- our use of financial leverage and strategic business and capital deployment decisions we make;
- our exposure to a breach of our cybersecurity or data security;
- our exposure to credit risk and the timing of credit losses within our portfolio;
- the concentration of the credit risks we are exposed to, including due to the structure of assets we hold and the geographical concentration of real estate underlying assets we own, and our exposure to environmental and climate-related risks;
- the efficacy and expense efforts to manage or hedge credit or interest rate risk, and other financial and operational risks;
- changes in credit ratings on assets we own and changes in the rating agencies' credit rating methodologies;
- changes in interest rates or mortgage prepayment rates;
- investment and reinvestment risk;
- asset performance, interest rate volatility, changes in credit spreads, and changes in liquidity in the market for real estate securities and loans;
- our ability to finance the acquisition of real estate-related assets with short-term debt;
- the ability of counterparties to satisfy their obligations to us;
- we may enter into new lines of business, acquire other companies, or engage in other new strategic initiatives;
- changes in the demand from investors for residential consumer and residential investor mortgages and investments, and our ability to distribute residential consumer and residential investor mortgages through our whole-loan distribution channels;
- our involvement in loan and HEI origination and securitization transactions, the profitability of those transactions, and the risks we are exposed to in engaging in loan origination or securitization transactions;
- foreclosure activity may expose us to risks associated with real estate ownership and operation;
- exposure to claims and litigation, including litigation arising from loan or HEI origination and securitization transactions;
- acquisitions or new business initiatives may fail to improve our business and could expose us to new or increased risks;
- whether we have sufficient liquid assets to meet short-term needs;
- changes in our investment, financing, and hedging strategies and new risks we may be exposed to if we expand or reorganize;
- our ability to successfully retain or attract key personnel;
- we are dependent on third-party information systems and third-party service providers;
- our exposure to a disruption of our or a third party's technology infrastructure and systems;
- the impact on our reputation that could result from our actions or omissions or from those of others;
- our failure to maintain appropriate internal controls over financial reporting and disclosure controls and procedures;
- our risk management efforts may not be effective;
- we could be harmed by misconduct or fraud;
- inadvertent errors, system failures or cybersecurity incidents could disrupt our business;
- the impact on our reputation that could result from our actions or omissions or from those of others;
- accounting rules related to certain of our transactions and asset valuations are highly complex and involve significant judgment and assumptions;
- the future realization of our deferred tax assets is uncertain, and the amount of valuation allowance we may apply against our deferred tax assets may change materially in future periods;
- the impact of changes to U.S. federal income tax laws on the U.S. housing market, mortgage finance markets, and our business;
- our failure to comply with applicable laws and regulation, including our ability to obtain or maintain governmental licenses;
- our ability to maintain our status as a REIT for tax purposes;
- limitations imposed on our business due to our REIT status and our status as exempt from registration under the Investment Company Act of 1940;
- our stock may experience price declines, volatility, and poor liquidity, and we may reduce our dividends;
- decisions about raising, managing, and distributing capital;
- dividend distributions and the timing and character of such dividends may change;
- limited number of institutional shareholders own a significant percentage of our common stock; and
- other factors not yet identified, including broad market fluctuations.

This Quarterly Report on Form 10-Q may contain statistics and other data that in some cases have been obtained from or compiled from information made available by servicers and other third-party service providers.

## OVERVIEW

### Business Update

The second quarter of 2024 brought improved efficiency metrics across our segments, as we grew profitability driven by strong volumes and a reduction in fixed costs. Book value generally remained stable at \$8.73 per share and we delivered total economic return of 1.3% for the second quarter, inclusive of our \$0.16 per share dividend.

One area of focus continues to be deepening our relationships with loan sellers who are banks — and our recent activity with banks illustrates the core asset/liability challenges these institutions face when funding fixed rate mortgages with deposits. Recent commentary from the Federal Reserve also suggests that a re-proposal of the Basel III “endgame” bank capital regulations is forthcoming. Whatever the final form, we believe the Basel rules will inevitably impact the bank capital regime holistically, and further evolve how banks serve their residential mortgage customers in a capital and duration efficient manner. We anticipate that under the new regulatory regime, many banks will also have to manage overall balance sheet size, creating a new addressable market for us from the \$1.3 trillion of residential jumbo mortgage loans currently owned by depositories, a development we have long predicted. To wit, approximately 35% of our second quarter bank lock volume was on seasoned portfolios, signaling the start of a durable opportunity that can complement our on-the-run flow business.

As rates continue to impact overall housing activity, these dynamics are driving our Residential Consumer market share higher. Lock volume with banks — a group which now account over half of our 203 sellers — grew 80% from the first quarter of 2024 on strong bulk and flow volume. We are now actively engaged with 60% of the top 50 jumbo originators overall — a significant change in our traditional reach — and our current estimated second quarter market share of 6% was itself a substantial increase from prior quarters.

Secondary financing products also remained in focus during the second quarter, as we gained momentum in purchasing closed end second lien (“CES”) loans and directly originating home equity investments (“HEI”). Untapped home equity in the U.S. continues to grow and grabbed recent headlines with Freddie Mac’s (“Freddie”) preliminary entry into purchasing CES. This development adds credence to the need for more institutional structure around home equity products, an area of competitive advantage for a platform of our tenure. While we remain measured in our HEI rollout awaiting the interest rate cycle to turn, we believe Freddie’s provisional approval creates a refreshed window to use our broadened capital base to support the GSEs in their core missions.

Demand from private credit institutions also drove a strong operating quarter for our Residential Investor segment, which delivered its highest return since the end of 2021. We funded \$459 million of Investor loans, up 41% from the first quarter of 2024 with a near even split between term and bridge loans, important progress in our production mix as term loan fundings rose 91% quarter over quarter. Our joint ventures with Oaktree Capital Management and CPP Investments spoke for most of our second quarter 2024 production and were further complemented by an accretive sale of approximately \$240 million in term loans to a top-tier insurance-backed buyer. We believe that deeper inroads with new loan buyers, combined with further portfolio growth within our joint ventures, will help evolve the platform’s revenues towards recurring and predictable fee streams, facilitating scale with less direct capital usage through time.

While credit performance in our broader Residential Investor portfolio remains stable overall, workout activity persisted on the legacy multifamily bridge portfolio, a product we largely discontinued originating in the summer of 2022. At June 30, 2024, that portfolio comprised less than 15% of our overall capital base and ran off approximately 10% during the second quarter of 2024. Through the process of stabilizing this portfolio, we have continued to incur incidental workout costs as our asset management team makes progress towards productive resolutions. Given the pace of paydowns and workout activity, we expect the portfolio to continue factoring down in the next two to three quarters, with moderating interest rates potentially accelerating payoff and refinance activity.

Fundamentals on Redwood’s overall \$3.4 billion investment portfolio continue to perform well, exceeding our modeled expectations. As interest rates stabilize, and potentially begin to come down, we believe the book values of our long-term fixed-rate investments stand to directly benefit. With the overall portfolio still carried at an aggregate \$2.18 per common share net discount, this represents a key source of earnings upside that in recent quarters has been hard to unlock.

Looking ahead to the second half of the year, we are preparing for unexpected challenges — particularly in light of a rapidly evolving Presidential election cycle. But in terms of controlling the controllable, we remain pleased with our market positioning and will continue to execute on our strategic goals. Though interest rates have been stubbornly high, a data-driven Federal Reserve now has increasing evidence to commence a more accommodative monetary policy. Our operating advantages are designed to be durable and we believe the turn in this cycle can have an important boomerang effect across our business lines.

## Second Quarter Key Financial Results and Metrics

The following table presents key financial metrics for the three and six months ended June 30, 2024.

*Table 1 – Key Financial Results and Metrics*

<b>(In Thousands, except per Share Data)</b>	<b>Three Months Ended June 30, 2024</b>		<b>Six Months Ended June 30, 2024</b>	
Net income per diluted common share	\$	0.10	\$	0.31
Return on common stockholders' equity		4.8 %		7.4 %
Dividends per share	\$	0.16	\$	0.32
Book Value per share	\$	8.73	\$	8.73
Total economic return <sup>(*)</sup>		1.3 %		4.7 %

(\*) Total economic return is based on the periodic change in GAAP book value per common share plus dividends declared per common share during the period. It does not represent an annualized figure.

## Second Quarter Operational Highlights

### Residential Consumer Mortgage Banking

- Locked \$2.7 billion of loans,<sup>(1)</sup> up 49% from \$1.8 billion in the first quarter of 2024
  - Second quarter 2024 volumes were driven by an 83% quarterly increase in bank lock volume, including seasoned loans in bulk form
  - Actively engaged with 113 bank sellers, up 16% from the first quarter of 2024
  - Achieved gross margins of 72bps, relative to our historical target range of 75bps to 100bps
- Distributed \$1.4 billion of jumbo loans through three securitizations

### Residential Investor Mortgage Banking

- Funded \$459 million of loans in the second quarter of 2024 (53% bridge and 47% term), up 41% from \$326 million in the first quarter of 2024
  - June 2024 represented the strongest funding month since mid-2023
  - Second quarter 2024 term fundings were up 91% relative to the first quarter 2024
  - Second quarter 2024 single-asset bridge ("SAB") and debt service coverage ratio ("DSCR") loan fundings were up 50% relative to the first quarter 2024
- The second quarter 2024 represented the platform's largest volume life-to-date of non-securitization distribution
  - Distributed \$415 million of loans through whole loan sales and sales to joint ventures ("JVs"), including \$238 million of term loans sold to a large institutional investor

### Investment Portfolio

- Deployed approximately \$133 million of capital into internally sourced and third-party investments, the largest quarter of deployment since the third quarter of 2022
- RPL and jumbo securities saw improvement in 90 day+ delinquency rates at 7.3% and 0.2%, respectively; 90 day+ delinquency rates for our combined Residential Investor portfolio were 5.4%, as compared to 4.9% at March 31, 2024<sup>(2)</sup>
- Secured recourse leverage ratio of 0.6x at June 30, 2024, down from 0.9x at March 31, 2024<sup>(3)</sup>

## Second Quarter Financing / Corporate Highlights

- Unrestricted cash and cash equivalents of \$276 million and unencumbered assets of approximately \$332 million at June 30, 2024
- Total excess warehouse financing capacity of \$3.8 billion at June 30, 2024
  - Successfully renewed or established financing facilities with key counterparties for \$2.5 billion of capacity, including two lines to support our JV with CPP Investments
- Issued \$85 million (gross proceeds) of senior unsecured notes due 2029
- Completed three investments through RWT Horizons, including two follow-ons in existing portfolio companies (at valuations above our initial investment)

*Footnotes to Second Quarter Business Highlights*

1. Lock volume represents loans identified for purchase from loan sellers. Lock volume does not account for potential fallout from pipeline that typically occurs through the lending process.
2. Re-performing loan ("RPL") and jumbo securities delinquency rate calculations are weighted by notional balances of loans collateralizing each of our securities investments. Bridge loan and CAFL securities delinquency rates are calculated as BPL term loans in our consolidated CAFL securitizations, loans held at JVs, unsecuritized bridge loans held for investment, and bridge and term loans held for sale with a delinquent payment greater than 90 days, divided by the total notional balance of loans in consolidated CAFL securitizations, loans held at JVs, unsecuritized bridge loans held for investment, and bridge and term loans held for sale. Bridge loan delinquency rate calculations were updated in Q2'24 to include full UPB values for loans in joint ventures (prior period presented was conformed to updated calculation methodology).
3. Secured recourse leverage ratio for our Investment Portfolio is defined as secured recourse debt financing our investment portfolio assets divided by capital allocated to our investment portfolio.

## RESULTS OF OPERATIONS

Within this *Results of Operations* section, we provide commentary that compares results year-over-year for 2024 and 2023. Most tables include a "change" column that shows the amount by which the results from 2024 are greater or less than the results from the respective period in 2023. Unless otherwise specified, references in this section to increases or decreases during the "three-month periods" refer to the change in results for the second quarter of 2024, compared to the second quarter of 2023.

### Consolidated Results of Operations

The following table presents the components of our net income for the three and six months ended June 30, 2024 and 2023.

Table 2 – Net Income

(In Thousands, except per Share Data)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
<b>Net Interest Income From:</b>						
Investment portfolio	\$ 29,930	\$ 36,829	\$ (6,899)	\$ 59,530	\$ 77,076	\$ (17,546)
Residential consumer mortgage banking	11,175	734	10,441	17,221	(622)	17,843
Residential investor mortgage banking	1,504	724	780	2,398	1,180	1,218
Corporate/other	(17,316)	(12,191)	(5,125)	(29,646)	(25,101)	(4,545)
<b>Net Interest Income</b>	<b>\$ 25,293</b>	<b>\$ 26,096</b>	<b>\$ (803)</b>	<b>\$ 49,503</b>	<b>\$ 52,533</b>	<b>\$ (3,030)</b>
<b>Non-Interest Income</b>						
Residential consumer mortgage banking activities, net	6,245	7,061	(816)	14,072	10,426	3,646
Residential investor mortgage banking activities, net	12,679	9,491	3,188	19,408	22,797	(3,389)
Investment fair value changes, net	1,098	(13,517)	14,615	22,935	(17,909)	40,844
HEI income, net	15,839	8,921	6,918	24,870	13,186	11,684
Other income, net	6,293	4,158	2,135	10,799	8,714	2,085
Realized gains, net	—	1,056	(1,056)	409	1,054	(645)
Total non-interest income, net	42,154	17,170	24,984	92,493	38,268	54,225
General and administrative expenses	(33,284)	(30,805)	(2,479)	(67,853)	(66,360)	(1,493)
Portfolio management costs	(4,864)	(3,100)	(1,764)	(8,461)	(6,610)	(1,851)
Loan acquisition costs	(3,664)	(1,444)	(2,220)	(5,901)	(2,733)	(3,168)
Other expenses	(5,177)	(4,975)	(202)	(8,538)	(8,659)	121
Total Operating expenses	(46,989)	(40,324)	(6,665)	(90,753)	(84,362)	(6,391)
<b>Net Income Before Income Taxes</b>	<b>20,458</b>	<b>2,942</b>	<b>17,516</b>	<b>51,243</b>	<b>6,439</b>	<b>44,804</b>
(Provision for) benefit from income taxes	(4,924)	(69)	(4,855)	(5,447)	1,054	(6,501)
<b>Net Income</b>	<b>15,534</b>	<b>2,873</b>	<b>12,661</b>	<b>45,796</b>	<b>7,493</b>	<b>38,303</b>
Dividends on preferred stock	(1,757)	(1,758)	1	(3,507)	(3,177)	(330)
<b>Net Income Available to Common Stockholders</b>	<b>\$ 13,777</b>	<b>\$ 1,115</b>	<b>\$ 12,662</b>	<b>\$ 42,289</b>	<b>\$ 4,316</b>	<b>\$ 37,973</b>

### Net Interest Income

Net interest income decreased by \$1 million for the three-month period ended June 30, 2024 and \$3 million for the six-month period ended June 30, 2024. During the three and six-month periods, net interest income from our Investment Portfolio decreased, partially offset by an increase in net interest income from our Mortgage Banking operations in the same periods. The decrease in net interest income from our Investment Portfolio is primarily related to an increase in borrowing costs on debt facilities and ABS issued used to finance our investments within this segment. Furthermore, the increase in non-accrual loans and loans that were modified over the period to provide borrowers payment relief resulted in lower coupon income over the period. Net interest income from Residential Consumer Mortgage Banking operations increased \$10 million and \$18 million for the three and six-month periods, respectively, due to higher average residential consumer loan balances in 2024 as well as the result of certain hedging activities at our Residential

Consumer Mortgage Banking operations. Net interest income from our Residential Investor Mortgage Banking operations was relatively flat for these periods.

Corporate net interest expense increased \$5 million during the three and six-month periods primarily related to higher cost corporate unsecured debt issued recently relative to repurchases and payoffs of older vintage, lower coupon convertible debt. In the first six months of 2024, we issued \$60 million of 9.125% senior notes in January 2024, \$85 million of 9.0% senior notes in June 2024 and procured a secured revolving financing facility with CPP Investments, which we drew on starting in the second quarter of 2024. Additionally, we earned lower interest income at the corporate level from lower average cash balances invested in U.S. treasury securities as compared to 2023, while not fully utilizing available leverage for our jumbo loan pipeline given the cost of warehouse debt relative to the coupon interest rates on the underlying loans we hold.

We use a combination of fixed and floating rate debt to finance our fixed and floating rate investments. Over the past year, continued increases in benchmark interest rates and, to a lesser extent, borrowing spreads, negatively impacted our net interest income. We also established financing capacity for non-performing loans which generally carry higher borrowing costs, however, these activities freed up additional capital to invest. We maintained \$332 million of unencumbered assets and \$2.47 billion of excess warehouse capacity at June 30, 2024.

Additional detail on net interest income is provided in the “*Net Interest Income*” section that follows.

#### *Mortgage Banking Activities, Net*

Overall income from Mortgage Banking activities, net was higher during the three-month periods, as a \$1 million decrease from Residential Consumer Mortgage Banking activities was offset by a \$3 million increase from Residential Investor Mortgage Banking.

In the Residential Consumer Mortgage Banking segment, loan purchase and lock volumes significantly increased in the three and six-month periods relative to the same periods in 2023, driven by an increase in loan purchases from both banks and independent mortgage bankers (“IMBs”). Notably, for the three-month periods, total lock volume was four times higher, bank lock volume was six times higher and IMB lock volume was three times higher in 2024. As a reminder, market transaction volume during the three months ended June 30, 2023 was impacted by the regional bank crisis which also caused considerable interest rate volatility during that time. Despite on-going elevated rates and pressure on housing transactions, these volume increases during the three months ended June 30, 2024 occurred as a result of focused efforts to build our network of bank sellers, adding 90 new or re-established bank sellers over the last year, as well as focusing on wallet share with our IMB sellers. As of June 30, 2024, our total network of loan sellers is 203, over half of which are banks. During the three and six months ended June 30, 2024, we also saw an increase in bulk volume, including seasoned bank collateral. We distributed \$1.4 billion of jumbo loans during the second quarter of 2024, primarily through three Sequoia securitizations. For the second quarter of 2024, we earned gross margins of 72 basis points within this segment, relative to our historical range of 75 to 100 basis points. For the second quarter of 2024, cost per loan was 22 basis points, compared to 36 basis points in the first quarter of 2024 and our historical range of 30 to 35 basis points.

In the Residential Investor Mortgage Banking segment, income from mortgage banking activities decreased during the six-month periods due to lower margins and volumes experienced in the first quarter of 2024, as compared to the first half of 2023 as spreads tightened more significantly in the first quarter of 2023 and then stabilized. Funding volume and improved efficiencies in headcount and distribution execution in the second quarter of 2024 somewhat offset this decrease as income increased in the second quarter of 2024 relative to the first quarter of 2024. The increase in overall funding volumes during the three-month period ended June 30, 2024 is largely attributable to continued demand for bridge production combined with a renewed interest from borrowers for term production given an outlook for moderating rates as well as SAB and DSCR production. Net cost to originate improved to 0.99% during the three months ended June 30, 2024, compared to 2.49% for the three months ended March 31, 2024. Notably, distribution activity increased in the second quarter of 2024 with distributions of \$415 million in both whole loan sales and joint venture distributions, relative to distributions of \$59 million in the first quarter of 2024. In particular, we distributed our first pool of loans into our joint venture with CPP Investments, as well as sold \$238 million of term loans to a large institutional investor, during the second quarter of 2024.

A more detailed analysis of the changes in this line item is included in the “*Results of Operations by Segment*” section that follows.

#### *Investment Fair Value Changes, Net*

Investment fair value changes, net, is primarily comprised of the change in fair values of our portfolio investments accounted for under the fair value option and their associated interest rate hedges. Investment fair value changes, net totaled \$1 million and \$23 million during the three and six-month periods ended 2024, respectively, and primarily reflected improved credit performance and spread tightening on our securities portfolio, offset by negative investment fair value changes on our bridge loans. Investment fair

value changes, net of associated interest rate hedges, on our securities portfolio totaled \$40 million for the first half of 2024, all of which primarily related to increases in value in our Sequoia, CAFL Term and SLST securities retained from these consolidated securitizations. This increase was offset by negative investment fair value changes of \$19 million related to impairments and the impact of rate modifications on the values of our unsecuritized residential investor bridge and term loan portfolios during the first half of 2024, all of which we hold at fair value. Fundamental performance of our residential consumer assets within our Investment Portfolio continues to be driven by strong employment data, embedded equity protection associated with loan seasoning and borrowers motivated to stay current on their low-coupon mortgages. Notably, 90 day+ delinquencies on our SLST portfolio declined to 7.3% at June 30, 2024, compared to 9.1% at June 30, 2023.

Additional detail on our investment fair value changes during 2024 is included in the “*Results of Operations by Segment*” section that follows as well as *Table 6.4* of our *Notes to Consolidated Financial Statements* in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

#### *HEI Income, net*

HEI income, net increased \$7 million and \$12 million during the three and six-month periods, respectively. This increase was attributable to an increase in the net value of our securitized HEI entities of \$4 million and \$6 million during the three and six-month periods, respectively, and an increase in value of our unsecuritized HEI investments of \$3 million and \$6 million during the three and six-month periods, respectively. Increases in the valuations of our HEI portfolio have been the result of actual and projected trends in home price appreciation improving. HEI income is primarily comprised of recurring accretion of the underlying option value of the investments over time based on estimated future home price appreciation and other factors, along with periodic fluctuations in value influenced by changing housing and other market conditions.

Additional detail on our HEI income is presented in *Table 11.3* of our *Notes to Consolidated Financial Statements* in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

#### *Operating Expenses*

Operating expenses increased \$7 million during both the three and six-month periods, primarily related to an increase in variable and equity compensation expense associated with improved operating results experienced in the first half of 2024, as well as increased portfolio management costs incurred for the management of specially serviced residential investor bridge loans and related workout arrangements incurred in the first half of 2024. This increase was partially offset by lower operating expenses due to a decrease headcount in the first quarter of 2024, as we effected an organizational restructuring and aligned expenses with the evolving operating environment.

Additional detail on our General and administrative expenses is presented in *Table 22.1* of our *Notes to Consolidated Financial Statements* in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

#### *Provision for Income Taxes*

Our provision for income taxes is almost entirely related to activity at our taxable REIT subsidiaries (“TRS”), which primarily includes our mortgage banking activities and MSR investments, as well as certain other investment and hedging activities. The switch to a tax provision from a benefit from income taxes year-over-year was primarily the result of GAAP income earned at our TRS in the first half of 2024 compared to a GAAP loss in the first half of 2023.

For additional detail on income taxes, see the “*Taxable Income and Tax Provision*” section that follows.

### Net Interest Income

The following table presents the components of net interest income for the three and six months ended June 30, 2024 and 2023.

Table 3 – Net Interest Income

(Dollars in Thousands)	Three Months Ended June 30,					
	2024			2023		
	Interest Income/ (Expense)	Average Balance <sup>(1)</sup>	Yield	Interest Income/ (Expense)	Average Balance <sup>(1)</sup>	Yield
<b>Interest Income</b>						
Residential consumer loans, held-for-sale	\$ 11,523	\$ 668,380	6.9 %	\$ 1,263	\$ 75,054	6.7 %
Residential consumer loans - HFI at Sequoia <sup>(2)</sup>	80,879	6,241,861	5.2 %	40,215	3,902,660	4.1 %
Residential consumer loans - HFI at Freddie Mac SLST <sup>(2)</sup>	14,308	1,313,492	4.4 %	15,273	1,441,776	4.2 %
Residential investor loans - HFS	6,881	333,558	8.3 %	3,440	252,916	5.4 %
Residential investor loans - HFI	27,344	1,242,868	8.8 %	40,241	1,634,615	9.8 %
Residential investor term loans - HFI at CAFL <sup>(2)</sup>	39,882	2,800,790	5.7 %	42,080	2,856,689	5.9 %
Residential investor bridge loans - HFI at CAFL <sup>(2)</sup>	18,999	741,311	10.3 %	12,503	493,907	10.1 %
Multifamily loans - HFI at Freddie Mac K-Series <sup>(2)</sup>	4,559	421,524	4.3 %	4,697	424,733	4.4 %
Real estate securities	10,749	225,266	19.1 %	6,223	207,452	12.0 %
Other interest income	10,293	858,349	4.8 %	13,046	1,105,138	4.7 %
<b>Total interest income</b>	<b>225,417</b>	<b>14,847,399</b>	<b>6.1 %</b>	<b>178,981</b>	<b>12,394,940</b>	<b>5.8 %</b>
<b>Interest Expense</b>						
ABS issued - Sequoia <sup>(2)</sup>	(74,373)	6,001,059	(5.0)%	(36,653)	3,669,624	(4.0)%
ABS issued - Freddie Mac SLST <sup>(2)</sup>	(13,610)	1,219,478	(4.5)%	(10,650)	1,130,963	(3.8)%
ABS issued - Freddie Mac K-Series <sup>(2)</sup>	(4,177)	387,871	(4.3)%	(4,311)	392,474	(4.4)%
ABS issued - CAFL Term <sup>(2)</sup>	(32,370)	2,458,312	(5.3)%	(33,202)	2,545,639	(5.2)%
ABS issued - CAFL Bridge <sup>(2)</sup>	(8,899)	688,426	(5.2)%	(5,277)	479,891	(4.4)%
Debt Facilities	(52,433)	2,477,562	(8.5)%	(47,795)	2,424,720	(7.9)%
Corporate Debt	(14,262)	691,720	(8.2)%	(14,997)	805,278	(7.4)%
<b>Total interest expense</b>	<b>(200,124)</b>	<b>13,924,428</b>	<b>(5.7)%</b>	<b>(152,885)</b>	<b>11,448,589</b>	<b>(5.3)%</b>
<b>Net Interest Income</b>	<b>\$ 25,293</b>			<b>\$ 26,096</b>		



**Six Months Ended June 30,**

(Dollars in Thousands)	2024			2023		
	Interest Income/ (Expense)	Average Balance <sup>(1)</sup>	Yield	Interest Income/ (Expense)	Average Balance <sup>(1)</sup>	Yield
<b>Interest Income</b>						
Residential consumer loans, held-for-sale	\$ 20,866	\$ 621,532	6.7 %	\$ 6,460	\$ 222,123	5.8 %
Residential consumer loans - HFI at Sequoia <sup>(2)</sup>	143,855	5,756,797	5.0 %	77,399	3,762,051	4.1 %
Residential consumer loans - HFI at Freddie Mac SLST <sup>(2)</sup>	28,924	1,327,495	4.4 %	30,766	1,442,751	4.3 %
Residential investor loans - HFS	10,456	276,428	7.6 %	7,845	262,035	6.0 %
Residential investor loans - HFI	57,810	1,271,955	9.1 %	78,695	1,592,536	9.9 %
Residential investor term loans - HFI at CAFL <sup>(2)</sup>	80,635	2,852,959	5.7 %	83,889	2,879,585	5.8 %
Residential investor bridge loans - HFI at CAFL <sup>(2)</sup>	39,240	756,303	10.4 %	25,131	500,691	10.0 %
Multifamily loans - HFI at Freddie Mac K-Series <sup>(2)</sup>	9,140	422,786	4.3 %	9,315	423,933	4.4 %
Real estate securities <sup>(3)</sup>	17,029	189,654	18.0 %	12,651	222,489	11.4 %
Other interest income	22,202	879,724	5.0 %	25,346	1,094,723	4.6 %
<b>Total interest income</b>	<u>430,157</u>	<u>14,355,633</u>	<u>6.0 %</u>	<u>357,497</u>	<u>12,402,917</u>	<u>5.8 %</u>
<b>Interest Expense</b>						
ABS issued - Sequoia <sup>(2)</sup>	(133,195)	5,529,610	(4.8)%	(69,212)	3,531,299	(3.9)%
ABS issued - Freddie Mac SLST <sup>(2)</sup>	(27,591)	1,234,882	(4.5)%	(21,868)	1,140,899	(3.8)%
ABS issued - Freddie Mac K-Series <sup>(2)</sup>	(8,376)	389,245	(4.3)%	(8,552)	391,854	(4.4)%
ABS issued - CAFL Term <sup>(2)</sup>	(65,825)	2,509,053	(5.2)%	(67,362)	2,560,664	(5.3)%
ABS issued - CAFL Bridge <sup>(2)</sup>	(18,701)	701,361	(5.3)%	(10,564)	479,215	(4.4)%
Debt Facilities	(98,667)	2,355,133	(8.4)%	(97,205)	2,500,073	(7.8)%
Corporate Debt	(28,299)	689,624	(8.2)%	(30,201)	821,244	(7.4)%
<b>Total interest expense</b>	<u>(380,654)</u>	<u>13,408,908</u>	<u>(5.7)%</u>	<u>(304,964)</u>	<u>11,425,248</u>	<u>(5.3)%</u>
<b>Net Interest Income</b>	<u>\$ 49,503</u>			<u>\$ 52,533</u>		

(1) Average balances for residential consumer loans held-for-sale and held-for-investment, residential investor loans held-for-sale and held-for-investment, multifamily loans held-for-investment, and trading securities are calculated based upon carrying values, which represent estimated fair values. Average balances for AFS securities, debt facilities, corporate debt and certain ABS issued are calculated based upon amortized historical cost. Average balances for ABS carried at fair value are calculated based upon fair value.

(2) Interest income and interest expense at "Sequoia", "Freddie Mac SLST", "Freddie Mac K-Series", "CAFL Term", and "CAFL Bridge" reflect activity from consolidated variable interest entities. While we consolidate these entities for GAAP reporting purposes, economically, we earn interest income from the securities we own in these entities, which is represented by the net interest income (interest income less interest expense) from these consolidated entities presented in the table above.

(3) At June 30, 2024, real estate securities include trading securities consisting primarily of interest-only securities, which generate a higher cash interest yield. This interest income may be offset by a decline in fair value (recognized through investment fair value changes, net on our consolidated statements of income) related to the receipt of cash flows each period, resulting in a lower overall economic yield for these investments.

## Results of Operations by Segment

We report on our business using three segments: Residential Consumer Mortgage Banking, Residential Investor Mortgage Banking, and Investment Portfolio. For additional information on our segments, refer to *Note 4* of our *Notes to Consolidated Financial Statements* in Part I, Item 1 of this Quarterly Report on Form 10-Q.

The following table presents the segment contribution from our three segments reconciled to our consolidated net income for the three and six months ended June 30, 2024 and 2023.

*Table 4 – Segment Results Summary*

(In Thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
<b>Segment Contribution from:</b>						
Residential Consumer Mortgage Banking	\$ 9,923	\$ 3,201	\$ 6,722	\$ 16,942	\$ 1,938	\$ 15,004
Residential Investor Mortgage Banking	595	(3,343)	3,938	(4,914)	(4,370)	(544)
Investment Portfolio	41,830	32,283	9,547	99,322	67,765	31,557
Corporate/Other	(36,814)	(29,268)	(7,546)	(65,554)	(57,840)	(7,714)
<b>Net Income</b>	<u>\$ 15,534</u>	<u>\$ 2,873</u>	<u>\$ 12,661</u>	<u>\$ 45,796</u>	<u>\$ 7,493</u>	<u>\$ 38,303</u>

The sections that follow provide further detail on our business segments and their results of operations for the three and six months ended June 30, 2024.

### *Corporate/Other*

The increase in net expense from Corporate/Other for three and six months was primarily due to, among other things, an increase in general and administrative expenses due to organizational restructuring charges associated with employee severance and related transition expenses as we aligned expenses with the evolving operating environment, a decrease in interest income earned on cash and cash equivalents during 2024 and an increase in interest expense related to our corporate debt due to increasing borrowing costs, relative to prior corporate debt financing.

### Residential Consumer Mortgage Banking Segment

This segment consists of a mortgage loan conduit that acquires residential consumer loans from third-party originators for subsequent sale to whole loan buyers, securitization through our SEMT<sup>®</sup> (Sequoia) private-label securitization program, or transfer into our investment portfolio. Subordinate securities that we retain from our Sequoia securitizations (many of which we consolidate for GAAP purposes) are transferred to and held in our Investment Portfolio segment. We typically acquire prime jumbo mortgages and the related mortgage servicing rights on a flow basis from our extensive network of loan sellers. This segment also includes various derivative financial instruments that we utilize to manage certain risks associated with our inventory of residential consumer loans held-for-sale within this segment. This segment's main source of mortgage banking income is net interest income from its inventory of loans held-for-sale, securities utilized for hedging purposes, as well as income from mortgage banking activities, which includes valuation increases (or gains) on loans we acquire and subsequently sell, securitize, or transfer into our investment portfolio, and the hedges used to manage risks associated with these activities. Direct operating expenses and tax expenses associated with these activities are also included in this segment. See Note 5 of our *Notes to Consolidated Financial Statements* in Part I, Item 1 of this Quarterly Report on Form 10-Q for further detail on the composition of mortgage banking activities, net).

The following table presents key earnings and operating metrics for our Residential Consumer Mortgage Banking segment during the three and six months ended June 30, 2024.

**Table 5 – Residential Consumer Mortgage Banking Earnings Summary and Operating Metrics**

(In Thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
Mortgage banking income	\$ 17,420	\$ 7,795	\$ 9,625	\$ 31,293	\$ 10,880	\$ 20,413
Operating expenses	(5,937)	(3,887)	(2,050)	(11,297)	(8,868)	(2,429)
(Provision for) benefit from income taxes	(1,560)	(707)	(853)	(3,054)	(74)	(2,980)
Segment Contribution	\$ 9,923	\$ 3,201	\$ 6,722	\$ 16,942	\$ 1,938	\$ 15,004
Loan purchase commitments entered into (loan locks, adjusted for expected fallout)	\$ 2,433,998	\$ 436,891	\$ 1,997,107	\$ 3,727,620	\$ 505,729	\$ 3,221,891

Operating expenses presented in the table above includes general and administrative expenses, loan acquisition costs and other expenses for this segment.

The increase in contribution from our Residential Consumer Mortgage Banking operations during the three and six-months periods ending June 30, 2024 was primarily attributable to higher mortgage banking volumes which drove overall income for the segment higher. In the preceding *Consolidated Results of Operations* section, we discussed additional factors impacting the change in net interest income and mortgage banking activities in the three and six months ended June 30, 2024 and 2023 for this segment. We actively manage our exposure to various market risks that can impact the value of our loan inventory in this segment, and our segment contribution in the three and six months ended June 30, 2024 showed an improvement year-over-year from these activities. We continue to evaluate monetary policy, housing trends and economic data, among other factors, in developing our hedging strategy and we may leverage a variety of instruments as hedges, including TBAs, interest rate futures, real estate securities, options and other types of securities.

Additionally, operating expenses for this segment increased for the three and six-month periods primarily due to an increase in loan acquisition costs related to the increase in loan purchases, as well as higher general and administrative expenses from variable compensation due to improved performance to date in 2024.

Activity at this segment is performed within our taxable REIT subsidiary and subject to federal and state income taxes. The provision for income taxes for the first half of 2024 resulted from GAAP income from these operations at our TRS during that period.

The following table provides the activity of residential consumer loans held in inventory for sale at our Residential Consumer Mortgage Banking business during the three and six months ended June 30, 2024.

**Table 6 – Loan Inventory for Residential Consumer Mortgage Banking Operations — Activity**

<b>(In Thousands)</b>	<b>Three Months Ended June 30, 2024</b>	<b>Six Months Ended June 30, 2024</b>
Balance at beginning of period	\$ 511,706	\$ 911,192
Acquisitions	1,901,943	2,907,602
Sales	(5,678)	(205,016)
Transfers between segments <sup>(1)</sup>	(1,451,565)	(2,645,589)
Principal repayments	(5,631)	(24,044)
Changes in fair value, net	11,773	18,403
<b>Balance at End of Period</b>	<b>\$ 962,548</b>	<b>\$ 962,548</b>

(1) Represents the fair value of the net transfers of loans from held-for-sale to held-for-investment within our Investment Portfolio, associated with securitizations we sponsored that we consolidate under GAAP.

During the three and six months ended June 30, 2024, our residential consumer mortgage loan conduit locked \$2.66 billion and \$4.45 billion of loans (\$2.43 billion and \$3.73 billion adjusted for expected pipeline fallout – i.e., loan purchase commitments), and purchased \$1.90 billion and \$2.91 billion of loans, respectively. During the three and six months ended June 30, 2024, we distributed \$6 million and \$207 million (unpaid principal balance) through whole loan sales, respectively. During the three and six months ended June 30, 2024 we completed three and six securitizations backed by \$1.42 billion and \$2.61 billion of loans (unpaid principal balance), respectively. Both lock volume and securitization distribution volume for the second quarter of 2024 represented the highest volume levels since the Federal Reserve began raising interest rates in the first quarter of 2022, despite continued pressure on housing transaction activity. In addition to securitization distribution, we are also focused on finding alternative avenues for distribution, including identifying new whole loan buyers.

Capital allocation to this segment grew to \$300 million at June 30, 2024, compared to \$200 million at March 31, 2024. The change in capital allocation was driven by the increase in our volume of activity throughout the quarter. We continue to competitively bid on bulk jumbo loan acquisition opportunities, both new issue and seasoned collateral, while also focusing on our flow agreements with both new or re-established banking relationships as well as our on-going relationships with IMBs. As discussed in the *Business Update* section of this MD&A, looking ahead, we are focused on continuing to gain market share and volume opportunities with our growing seller network. We are also in discussion with banks regarding their seasoned jumbo loan collateral and locked our first seasoned jumbo loan portfolio in the second quarter of 2024.

We utilize a combination of capital and our residential consumer loan warehouse facilities to manage our inventory of residential consumer loans held-for-sale. At June 30, 2024, we had residential consumer warehouse facilities outstanding with six different counterparties, with \$1.65 billion of total capacity and \$763 million of available capacity. These facilities included non-marginable facilities (i.e., not subject to margin calls based solely on the lender's determination, in its discretion, of the market value of the underlying collateral that is non-delinquent) with \$500 million of total capacity and marginable facilities with \$1.15 billion of total capacity.

### Residential Investor Mortgage Banking Segment

This segment consists of a platform that originates residential investor loans for subsequent securitization, sale, or transfer into our investment portfolio. Residential investor loans are loans to investors in single-family rental and multifamily properties, which we classify as either "term" loans (which include loans with maturities that generally range from 3 to 30 years) or "bridge" loans (which include loans with maturities that generally range between 12 and 36 months). Term loans are mortgage loans secured by residential real estate (primarily 1-4 unit detached or multifamily) that the borrower owns as an investment property and rents to residential tenants. Residential investor bridge loans are mortgage loans which are generally secured by unoccupied (or in the case of certain multifamily properties, partially occupied) residential or multifamily real estate that the borrower owns as an investment and that is being renovated, rehabilitated or constructed. Our bridge loans are first-lien, interest-only loans. We may amend or modify bridge loans, including interest rate reductions and/or extended maturity dates, for borrowers experiencing financial difficulty based on specific facts and circumstances. In addition to modifying these loan terms, from time to time, we may also amend a loan's underlying budget (including allocations to hard/soft costs, interest reserves and other items) or construction and completion milestones, if warranted, based on progress with the project versus initial budget.

We typically distribute most of our term loans through our CAFL® private-label securitization program, or through whole loan sales, and typically transfer our residential investor bridge loans to our Investment Portfolio, where they will either be retained for investment or securitized, or sold as whole loans. Since 2023, we have also established joint ventures with global investment managers as another avenue through which we can distribute our bridge and term loan production.

In the second quarter of 2023, we established a joint venture with Oaktree Capital Management to invest in residential investor bridge loans originated by our CoreVest subsidiary. In the first quarter of 2024, we established a joint venture with CPP Investments to invest in residential investor bridge and term loans originated by our CoreVest subsidiary. During the second quarter of 2024, we established warehouse financing lines to support our joint venture with CPP Investments and placed our first pool of CoreVest originated loans into this joint venture in June 2024. We will administer the joint ventures for ongoing fees and are entitled to earn additional performance fees upon realization of specified return hurdles.

This segment also includes various derivative financial instruments that we utilize to manage certain risks associated with our inventory of loans held-for-sale. This segment's main sources of mortgage banking income are net interest income earned on loans while they are held in inventory, origination and other fees on loans, mark-to-market adjustments on loans from the time loans are originated or purchased to when they are sold, securitized or transferred into our investment portfolio, and gains/losses from associated hedges. Direct operating expenses and tax expenses associated with these activities are also included in this segment.

The following table presents an earnings summary for our Residential Investor Mortgage Banking segment for the three and six months ended June 30, 2024 and 2023:

*Table 7 – Residential Investor Mortgage Banking Earnings Summary*

(In Thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
Mortgage banking income	\$ 15,357	\$ 11,291	\$ 4,066	23,606	\$ 27,461	\$ (3,855)
Operating expenses	(14,313)	(16,040)	1,727	(30,207)	(33,940)	3,733
(Provision for) benefit from income taxes	(449)	1,406	(1,855)	1,687	2,109	(422)
Segment Contribution	\$ 595	\$ (3,343)	\$ 3,938	\$ (4,914)	\$ (4,370)	\$ (544)

Residential Investor Mortgage Banking income presented in the table above is comprised of net interest income from our loans held-for-sale in inventory, mortgage banking activities, net (see Note 5 of our *Notes to Consolidated Financial Statements* in Part I, Item 1 of this Quarterly Report on Form 10-Q for further detail on the composition of mortgage banking activities), and other income, net for this segment. Operating expenses presented in the table above includes general and administrative expenses, loan acquisition costs and other expenses (including amortization of purchased intangibles) for this segment.

The increase in segment contribution from our Residential Investor Mortgage Banking operations during the three-month period ended June 30, 2024 was primarily attributable to higher mortgage banking income in the second quarter of 2024, as discussed in the preceding *Consolidated Results of Operations* and in the following *Funding Activity* sections of this MD&A. The decrease in segment contribution in this segment during six-month period ended June 30, 2024 was primarily attributable to lower mortgage banking income, partially offset by lower general and administrative costs due to lower headcount and fixed compensation expenses in this segment, as we effected an organizational restructuring and aligned expenses with the evolving operating environment.

Activity at this segment is performed within our taxable REIT subsidiary and subject to federal and state income taxes. The benefit from income taxes for the first half of 2024 was primarily due to GAAP losses generated by this segment's operations in those periods.

The following table provides residential investor loan origination activity at Redwood during the three and six months ended June 30, 2024.

**Table 8 – Residential Investor Loans - Funding Activity**

(In Thousands)	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Term Loans	Bridge Loans <sup>(1)</sup>	Total	Term Loans	Bridge Loans <sup>(1)</sup>	Total
Fair value at beginning of period	\$ 253,774	\$ 26,777	\$ 280,551	\$ 144,360	\$ 35,891	\$ 180,251
Fundings <sup>(1)(2)</sup>	218,186	241,231	459,417	335,276	450,390	785,666
Sales <sup>(2)</sup>	(259,077)	(140,735)	(399,812)	(265,233)	(178,423)	(443,656)
Transfers between segments <sup>(3)</sup>	(609)	(83,246)	(83,855)	(552)	(262,738)	(263,290)
Principal repayments	(737)	(3,413)	(4,150)	(961)	(5,450)	(6,411)
Changes in fair value, net	6,224	1,108	7,332	4,871	2,052	6,923
<b>Fair Value at End of Period</b>	<b>\$ 217,761</b>	<b>\$ 41,722</b>	<b>\$ 259,483</b>	<b>\$ 217,761</b>	<b>\$ 41,722</b>	<b>\$ 259,483</b>

(1) We originate Residential investor bridge loans at our TRS and transfer many of them to our REIT. Origination fees and any fair value changes on these loans prior to transfer or sale are recognized within Mortgage banking activities, net on our consolidated statements of income. Loans transferred to our REIT are classified as held-for-investment, with fair value changes subsequent to their transfer generally recorded through Investment fair value changes, net on our consolidated statements of income. For the carrying value and activity of our Residential investor bridge loans held-for-investment, see the Investment Portfolio section that follows.

(2) Funding and sales for Residential investor bridge loans for the three and six months ended June 30, 2024, includes \$6 million and \$21 million, respectively, related to construction draws on loans sold to our Oaktree joint venture.

(3) For residential investor term loans, amounts primarily represent loans transferred into consolidated securitizations reflected within our Investment Portfolio Segment. Residential investor bridge loan amounts represent the transfer of loans originated or acquired by our Residential Investor Mortgage Banking segment at our TRS and transferred to our Investment Portfolio segment at our REIT, as described in the preceding footnote.

During the three and six months ended June 30, 2024, we funded \$459 million and \$785 million of residential investor loans (53% and 57% bridge and 47% and 43% term), respectively. The increase in overall funding volumes during the three-month period relative to the first quarter of 2024 is largely attributable to an increase in term loan volumes, as well as SAB and DSCR products. The second quarter was our highest volume quarter for SAB and DSCR to date. As the outlook for rates has tempered, investors are increasingly interested in our fixed-rate term product – as a result, June 2024 term loan origination was our highest funding month in a year. Looking ahead, we expect sustained demand from sponsors seeking fixed-rate bridge loans or term loans with more prepayment flexibility and will continue to assess our bridge loan portfolio for opportunities to refinance borrowers into term loans. We remain focused on strongly-underwritten and less rate-sensitive products that can be distributed efficiently and profitably.

Residential investor loan distribution activity during the three months ended June 30, 2024 was \$415 million, including both whole loan sales and joint venture distributions, relative to \$59 million during the three months ended March 31, 2024. In particular, we distributed our first pool of loans into our joint venture with CPP Investments during the quarter ended June 30, 2024. Looking ahead, given our established joint ventures, as well as growing network of whole loan buyers, we continue to see healthy demand for our production through our distribution channels.

Capital allocated to this segment decreased during the second quarter of 2024 to \$97 million at June 30, 2024 from \$124 million at March 31, 2024. We expect this trend could continue as we distribute more of our production into joint ventures and use less balance sheet capital for aggregation. We utilize a combination of capital and loan warehouse facilities to manage our inventory of residential investor loans that we hold for sale. At June 30, 2024, we had residential investor warehouse facilities outstanding with seven different counterparties, with \$2.53 billion of total capacity (used for both term and bridge loans) and \$1.53 billion of available capacity (inclusive of capacity on non-recourse facilities). All of these facilities are non-marginable (i.e., not subject to margin calls based solely on the lender's determination, in its discretion, of the market value of the underlying collateral that is non-delinquent).

### Investment Portfolio Segment

This segment consists of organic investments sourced through our residential consumer and Residential Investor Mortgage Banking operations, including primarily securities retained from our mortgage banking securitization activities (some of which we consolidate for GAAP purposes) and residential investor bridge loans, as well as third-party investments including RMBS issued by third parties, investments in Freddie Mac K-Series multifamily loan securitizations and reperforming loan securitizations (both of which we consolidate for GAAP purposes), servicer advance investments, home equity investments ("HEI"), and other housing-related investments and associated hedges. This segment's main sources of income are net interest income and other income from investments, changes in fair value of investments and associated hedges, and realized gains and losses upon the sale of securities. Direct operating expenses and tax provisions associated with these activities are also included in this segment.

The following table presents an earnings summary for our Investment Portfolio segment for the three and six months ended June 30, 2024 and 2023.

**Table 9 – Investment Portfolio Earnings Summary**

(In Thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
Net interest income	\$ 29,930	\$ 36,829	\$ (6,899)	\$ 59,530	\$ 77,076	\$ (17,546)
Investment fair value changes, net	2,548	(10,768)	13,316	23,735	(16,141)	39,876
HEI income, net	15,839	8,921	6,918	24,870	13,186	11,684
Other income, net	5,120	4,013	1,107	9,945	6,181	3,764
Realized gains, net	—	949	(949)	314	832	(518)
Operating expenses	(8,693)	(6,196)	(2,497)	(15,012)	(11,691)	(3,321)
(Provision for) income taxes	(2,914)	(1,465)	(1,449)	(4,060)	(1,678)	(2,382)
Segment Contribution	\$ 41,830	\$ 32,283	\$ 9,547	\$ 99,322	\$ 67,765	\$ 31,557

Segment contribution from the Investment Portfolio increased during both the three- and six-month period ended June 30, 2024. The first half of 2024 reflected improved credit performance and spread tightening on our securities portfolio, relative to negative investment fair value changes in the first half of 2023. Additionally, HEI Income and Other Income were higher in the three and six-month periods of 2024, as discussed in the *Consolidated Results of Operations* section of this MD&A. These improvements were partially offset by lower net interest income and higher credit reserves on our bridge portfolio, as discussed in the preceding *Consolidated Results of Operations* section of this MD&A.

Investment fair value changes, net is primarily comprised of the change in fair value (both realized and unrealized) of our portfolio investments accounted for under the fair value option and hedges associated with these investments. See *Table 6.4* in *Note 6* in Part I, Item 1 of this Quarterly Report on Form 10-Q for further detail on the composition of investment fair value changes (the difference in amounts in the table above and in *Table 6.4* in the notes to our consolidated financial statements relates to fair value changes for investments held at corporate/other).

In the second quarter of 2024, stable fundamental credit performance continued across most assets within our single-family residential Investment Portfolio. Fundamental performance of our residential consumer assets within our Investment Portfolio continues to be driven by strong employment data, embedded equity protection associated with loan seasoning and borrowers motivated to stay current on their low-coupon mortgages. Notably, 90 day+ delinquencies on our SLST portfolio declined to 7.3% at June 30, 2024, compared to 9.1% at June 30, 2023.

The residential investor sector overall continues to manage through macro crosswinds that have impacted borrower sentiment and reduced transaction volumes across the industry. We remain focused on the impact that higher short-term interest rates have on borrowers, notwithstanding overall strength in leasing trends. In anticipation of this impact, our team has continued to work with borrowers well in advance of their loan maturities to assess project plans and ensure they manage towards successful completions. Delinquencies greater than 90 days across our residential investor bridge loans were slightly higher in the second quarter of 2024, increasing across most of the renovate/build to rent portfolio versus a slight decline in the multifamily portfolio. REO values in the residential investor bridge portfolio decreased slightly in the second quarter of 2024, and we continue to manage through pockets of stress, largely with a handful of more significant borrower relationships where a combination of rate modifications and fresh equity has been utilized. Overall velocity in the bridge portfolio remains positive, as approximately 10% of the bridge book paid off during the second quarter and we resolved 26% of loans that were 90 or more days delinquent at March 31, 2024.

Operating expenses at this segment increased \$2 million and \$3 million in the three and six month periods, respectively, due to increased costs incurred for organizational restructuring charges associated with employee severance and related transition expenses incurred within this segment in the first quarter of 2024 as well as increased portfolio management costs incurred for the management of specially serviced residential investor bridge loans and related workout arrangements in the first half of 2024.

We hold certain of our investments, primarily our MSRs, at our taxable REIT subsidiary. Our provision for income taxes at this segment is primarily driven by the amount of income earned from portfolio assets and, for each of the three and six month periods, reflects positive net income earned from investment portfolio activities at our taxable REIT subsidiary.

The following table presents details of our Investment Portfolio at June 30, 2024 and December 31, 2023 organized by investments organically created through our mortgage banking segments and those acquired from third-parties. Amounts presented in the table represent our retained economic interests in consolidated Sequoia, CAFL SFR, Freddie Mac SLST, Freddie Mac K-Series, Servicing Investment and HEI securitizations as noted.

**Table 10 – Investment Portfolio - Detail of Economic Interests**

<b>(In Thousands)</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
<b>Organic Residential Consumer Investments</b>		
Residential consumer securities at Redwood	127,962	110,056
Residential consumer securities at consolidated Sequoia entities <sup>(1)</sup>	239,238	204,830
Other investments <sup>(2)</sup>	52,455	47,239
<b>Organic Residential Investor Investments</b>		
Residential investor bridge loans	1,882,700	2,068,323
Residential investor securities at consolidated CAFL Term entities <sup>(3)</sup>	337,161	323,340
<b>Third-Party Investments</b>		
Residential securities at Redwood	46,424	5,645
Residential securities at consolidated Freddie Mac SLST entities <sup>(4)</sup>	257,742	274,175
Multifamily securities at Redwood	14,526	7,101
Multifamily securities at consolidated Freddie Mac K-Series entities <sup>(5)</sup>	34,003	33,308
Servicing investments <sup>(6)</sup>	99,821	85,704
HEI <sup>(7)</sup>	293,945	278,967
Other investments	4,441	5,456
<b>Total Segment Investments</b>	<b>\$ 3,390,418</b>	<b>\$ 3,444,144</b>



Footnotes to Table 10

- (1) Represents our retained economic investment in securities issued by consolidated Sequoia securitization VIEs. For GAAP purposes, we consolidated \$6.95 billion of loans and \$6.69 billion of ABS issued associated with these investments at June 30, 2024. We consolidated \$4.64 billion of loans and \$4.43 billion of ABS issued associated with these investments at December 31, 2023.
- (2) Organic residential other investments at June 30, 2024 includes net risk share investments of \$24 million, representing \$28 million of restricted cash and other assets, net of other liabilities of \$5 million.
- (3) Represents our retained economic investment in securities issued by consolidated CAFL Term securitization VIEs. For GAAP purposes, we consolidated \$2.74 billion of loans and \$2.41 billion of ABS issued associated with these investments at June 30, 2024. We consolidated \$2.97 billion of loans and \$2.65 billion of ABS issued associated with these investments at December 31, 2023.
- (4) Represents our economic investment in securities issued by consolidated Freddie Mac SLST securitization entities. For GAAP purposes, we consolidated \$1.30 billion of loans and \$1.04 billion of ABS issued associated with these investments at June 30, 2024. We consolidated \$1.36 billion of loans and \$1.09 billion of ABS issued associated with these investments at December 31, 2023.
- (5) Represents our economic investment in securities issued by consolidated Freddie Mac K-Series securitization entities. For GAAP purposes, we consolidated \$422 million of loans and \$388 million of ABS issued associated with these investments at June 30, 2024. We consolidated \$425 million of loans and \$392 million of ABS issued associated with these investments at December 31, 2023.
- (6) Represents our economic investment in consolidated Servicing Investment variable interest entities. At June 30, 2024, for GAAP purposes, we consolidated \$258 million of servicing investments and \$146 million of non-recourse short-term securitization debt, as well as other assets and liabilities for these entities. At December 31, 2023, for GAAP purposes, we consolidated \$257 million of servicing investments and \$154 million of non-recourse short-term securitization debt, as well as other assets and liabilities for these entities.
- (7) At June 30, 2024 and December 31, 2023, represents HEI owned at Redwood of \$253 million and \$245 million, respectively and our retained economic investment in securities issued by consolidated HEI securitization entities of \$41 million and \$34 million, respectively.

The size of our Investment Portfolio decreased slightly since December 31, 2023, due to the decrease in residential investor bridge loans, offset by actively deploying capital into new residential Sequoia securities and other residential securities investments. At June 30, 2024 and December 31, 2023, 78% and 80% of our Investment Portfolio economic interests were organically created, respectively, and 22% and 20% were purchased from third parties, respectively. Capital deployment activities for the three and six months of 2024 represented the highest quarterly level of capital deployment into investments since the third quarter of 2022. In the second quarter of 2024, we continued to deploy capital into accretive investments, ultimately deploying \$133 million of capital in certain third-party securities, as well as the retention of securities created from our Sequoia securitizations. This compares to \$50 million of capital deployed during the second quarter of 2023. See the *Investments Detail and Activity* section that follows for additional detail on our portfolio investments and their associated borrowings.

### Investments Detail and Activity

This section presents additional details on our investments (both within our Investment Portfolio segment and held at a corporate level) and their activity during the three and six months ended June 30, 2024.

#### Real Estate Securities Portfolio

The following table sets forth activity in our real estate securities portfolio for the three and six months ended June 30, 2024, organized by investments organically created through our mortgage banking segments and acquired from third-parties. This table includes both our securities held on balance sheet and our economic interest in securities we own in securitizations we consolidate in accordance with GAAP. Additionally, this table includes securities held both in our Investment Portfolio segment and our Residential Consumer Mortgage Banking segment.

**Table 11 – Activity of Real Estate Securities Owned at Redwood and in Consolidated Entities**

Three Months Ended June 30, 2024 (In Thousands)	Residential Consumer Organic		Residential Investor Organic	Third-Party Investments			Total
	Sequoia Securities on Balance Sheet	Consolidated Sequoia Securities	Consolidated CAFL Securities	Consolidated SLST Securities	Consolidated Multifamily Securities	Other Third-Party Securities	
Beginning fair value	\$ 123,356	\$ 217,299	\$ 333,461	\$ 271,075	\$ 33,551	\$ 88,951	\$ 1,067,693
Acquisitions	4,397	43,285	104	—	—	45,081	92,867
Sales	—	—	—	—	—	—	—
Gains on sales and calls, net	—	—	—	—	—	—	—
Effect of principal payments <sup>(1)</sup>	(64)	(669)	(3,752)	(7,893)	—	(207)	(12,585)
Change in fair value, net	943	4,221	7,348	(5,440)	452	1,944	9,468
<b>Ending Fair Value <sup>(2)</sup></b>	<b>\$ 128,632</b>	<b>\$ 264,136</b>	<b>\$ 337,161</b>	<b>\$ 257,742</b>	<b>\$ 34,003</b>	<b>\$ 135,769</b>	<b>\$ 1,157,443</b>

  

Six Months Ended June 30, 2024 (In Thousands)	Residential Organic		Business Purpose Organic	Third-Party Investments			Total
	Sequoia Securities on Balance Sheet	Consolidated Sequoia Securities	Consolidated CAFL Securities	Consolidated SLST Securities	Consolidated Multifamily Securities	Other Third-Party Securities	
Beginning fair value	\$ 110,632	\$ 210,429	\$ 323,340	\$ 274,174	\$ 33,308	\$ 17,165	\$ 969,048
Acquisitions	4,397	65,444	104	—	—	106,663	176,608
Sales	—	(18,634)	—	—	—	—	(18,634)
Gains on sales and calls, net	—	—	—	—	—	—	—
Effect of principal payments <sup>(1)</sup>	(125)	(2,446)	(3,752)	(14,460)	—	(362)	(21,145)
Change in fair value, net	13,728	9,343	17,469	(1,972)	695	12,303	51,566
<b>Ending Fair Value <sup>(2)</sup></b>	<b>\$ 128,632</b>	<b>\$ 264,136</b>	<b>\$ 337,161</b>	<b>\$ 257,742</b>	<b>\$ 34,003</b>	<b>\$ 135,769</b>	<b>\$ 1,157,443</b>

(1) The effect of principal payments reflects the change in fair value due to principal payments, which is calculated as the cash principal received on a given security during the period multiplied by the prior quarter ending price or acquisition price for that security.

(2) At June 30, 2024, \$26 million of Sequoia Securities and \$75 million of Other Third-Party Securities were used as hedges for our Residential Consumer Mortgage Banking operations, and were included in our Residential Consumer Mortgage Banking segment.

At June 30, 2024, our securities owned at Redwood and in consolidated entities consisted of fixed-rate assets (98%), adjustable-rate assets (2%) and hybrid assets that reset within the next year (<1%).

We directly finance our holdings of real estate securities with a combination of non-recourse debt, non-marginable recourse term debt and marginable debt in the form of repurchase (or “repo”) financing. At June 30, 2024, we had: real estate securities with a fair value of \$429 million (including securities owned in consolidated Sequoia and CAFL securitization entities) that were financed with \$271 million of non-marginable recourse debt through our subordinate securities financing facilities; re-performing loan securities with a fair value of \$258 million (including securities owned in consolidated securitization entities) that were financed with \$163 million of non-recourse securitization debt (ABS issued); real estate securities with a fair value of \$123 million (including securities owned in consolidated securitization entities) that were financed with \$88 million of recourse debt incurred through repurchase facilities with five different counterparties; and \$57 million of securities that were financed using a financing facility. The remaining \$290 million of our securities, including certain securities we own that were issued by consolidated securitization entities, were financed with capital.

The following table summarizes the credit characteristics of our entire real estate securities portfolio by collateral type at June 30, 2024. This table includes both our securities held on balance sheet and our economic interest in securities we own in securitizations we consolidate in accordance with GAAP.

**Table 12 – Credit Statistics of Real Estate Securities Owned at Redwood and in Consolidated Entities**

June 30, 2024 (Dollars in Thousands)	Weighted Average Values <sup>(1)</sup>						
	Market Value - IO Securities	Market Value - Non-IO Securities	Principal Balance - Non-IO Securities	Gross Weighted Average Coupon	90 Day+ Delinquency	3-Month Prepayment Rate	Investment Thickness <sup>(2)</sup>
Sequoia securities on balance sheet	\$ 40,467	\$ 88,165	\$ 139,544	3.6 %	0.2 %	5 %	4 %
Consolidated Sequoia securities	87,777	176,359	234,073	4.9 %	0.2 %	10 %	3 %
<b>Total Sequoia Securities</b>	<b>128,244</b>	<b>264,524</b>	<b>373,617</b>	<b>4.5 %</b>	<b>0.2 %</b>	<b>8 %</b>	<b>3 %</b>
Consolidated Freddie Mac SLST securities	19,131	238,611	438,151	4.5 %	7.3 %	4 %	28 %
Consolidated Freddie Mac K-Series securities	—	34,003	36,468	4.3 %	— %	— %	8 %
Multifamily securities on balance sheet	8	14,518	14,598	4.8 %	— %	— %	— %
<b>Total Multifamily Securities</b>	<b>8</b>	<b>48,521</b>	<b>51,066</b>	<b>4.8 %</b>	<b>— %</b>	<b>— %</b>	<b>— %</b>
Consolidated CAFL securities	17,456	319,705	430,882	5.3 %	4.8 %	9 %	15 %
Other third-party securities	74,827	46,416	62,502	6.3 %	2.9 %	12 %	N/A
<b>Total Securities <sup>(3)</sup></b>	<b>\$ 239,666</b>	<b>\$ 917,777</b>	<b>\$ 1,356,218</b>				

(1) Weighted averages presented in this table, including delinquencies, are weighted using the notional balance of loans collateralizing each securitization in which we own a security. Prior to December 31, 2023, weighted averages were calculated using the fair value of the securities we owned.

(2) Investment thickness represents the average size of the subordinate securities we own as investments in securitizations, relative to the average overall size of the securitizations. For example, if our investment thickness (of first-loss securities) with respect to a particular securitization is 10%, we have exposure to the first 10% of credit losses resulting from loans underlying that securitization. We generally own first loss positions in Sequoia, RPL and CAFL securities. We own both first loss and mezzanine positions (positions credit enhanced by subordinate securities) in multifamily and other third-party securities.

(3) At June 30, 2024, \$26 million of Sequoia Securities and \$75 million of Other Third-Party Securities were used as hedges for our Residential Mortgage Banking operations, and were included in our Residential Consumer Mortgage Banking segment.

We primarily target investments that have a sensitivity to housing credit risk, typically sourced through our operating businesses where we control the underwriting and review of underlying collateral. During the second quarter of 2024, our overall residential and Agency multifamily securities portfolio continued to demonstrate stable fundamentals, driven by underlying loan seasoning, low 90+ day delinquencies and embedded growth in home prices and rents. Given the seasoned nature of our investments (particularly within our RPL securities and Sequoia securities), many of our residential investments are supported by substantial home price appreciation and borrower equity in the underlying homes. For the term loans underlying our consolidated CAFL securities, 90 day+ delinquencies increased modestly during the second quarter of 2024.

With a weighted average quarter-end carrying value of 68 cents to each one dollar of face value, we estimate our securities portfolio had approximately \$2.18 per common share of net discount to par at quarter end. We believe continued credit performance in our underlying securities portfolio, combined with firming of risk sentiment and a return to more normalized prepayment speeds, could contribute to our ability to realize potential upside in book value over time, reversing unrealized losses taken in 2023 that were largely driven by technical spread widening.

#### Residential Investor Bridge Loans Held-for-Investment

The following table provides the activity of Residential investor bridge loans held-for-investment during the three and six months ended June 30, 2024.

**Table 13 – Residential Investor Bridge Loans Held-for-Investment - Activity**

<b>(In Thousands)</b>	<b>Three Months Ended June 30, 2024</b>	<b>Six Months Ended June 30, 2024</b>
Fair value at beginning of period	\$ 2,048,391	\$ 2,068,323
Acquisitions	—	15,677
Sales	(21,500)	(52,163)
Transfers between portfolios <sup>(1)</sup>	82,077	261,569
Transfers to REO	(3,147)	(3,950)
Principal repayments	(209,493)	(391,023)
Changes in fair value, net	(13,628)	(15,733)
<b>Fair Value at End of Period</b>	<b>\$ 1,882,700</b>	<b>\$ 1,882,700</b>

(1) We originate residential investor bridge loans at our TRS and transfer a portion of them to our REIT that we intend to hold for investment. Origination fees and any fair value changes on these loans prior to transfer are recognized within Mortgage banking activities, net on our consolidated statements of income. Once the loans are transferred to our REIT, they are classified as held-for-investment, with subsequent fair value changes generally recorded through Investment fair value changes, net on our consolidated statements of income.

Our \$1.88 billion of Residential investor bridge loans held-for-investment at June 30, 2024, were comprised of first-lien, interest-only loans with a weighted average coupon of 10.33% and original maturities of 6 to 36 months. At origination, the weighted average FICO score of sponsors of these loan borrowers was 728 and the weighted average LTV ratio of these loans was 64%. At June 30, 2024, 6% of the loans in this portfolio, with an aggregate fair value of \$116 million and an unpaid principal balance of \$128 million, were greater than 90 days delinquent. Included in the 90 days delinquent balance are loans in foreclosure with an aggregate fair value of \$90 million and an aggregate unpaid principal balance of \$102 million. Additionally, REO associated with bridge loans decreased from \$88 million at December 31, 2023, to \$86 million at June 30, 2024 resulting from a decrease in fair value of \$5 million, offset by transfers to REO of \$4 million during the six months ended June 30, 2024.

The fair value of residential investor bridge loans held-for-investment of \$1.88 billion at June 30, 2024 declined from \$2.07 billion at December 31, 2023. Changes in the fair value of these loans during the second quarter of 2024 primarily reflect reductions in values for non-accrual bridge loans and certain modified bridge loans since the fourth quarter of 2023. In the second quarter of 2024, \$379 million of residential investor bridge loans (representing cumulative unpaid principal balance as of June 30, 2024) were subject to modifications. Of this balance, \$43 million included loans in forbearance without a rate reduction and \$335 million included reductions in interest rates (including, in certain cases, deferrals of interest), among other terms, and in certain cases, combined with infusions of fresh capital from either the existing sponsor or new sources. The modifications may involve conversions of the contractual interest on the loans from floating to fixed and/or deferrals of a portion of the stated pay rate to an extended date or to maturity. In the second quarter of 2024, modifications on these loans maintained a weighted average contractual interest rate of approximately 10%, of which 4.35% represented deferred interest. In addition, \$4 million of residential investor bridge loans (representing cumulative unpaid principal balance as of June 30, 2024) were subject to modifications to extend the loan term, coupled with an increase in interest rate.

While we continue to work proactively with certain borrowers to address the impacts of rising interest rates, elongated project timelines, or other issues, further increases in delinquencies or modifications within our residential investor bridge loan portfolio could ultimately result in further decreases in net interest income and the fair value of our bridge loans held for investment, and further instances of borrower/sponsor stress could lead to realized credit losses. In addition to the loan modifications described above, during the second quarter of 2024, we extended the maturities of \$69 million of loans (representing cumulative unpaid principal balance as of June 30, 2024). An increase in maturity extensions in the residential investor bridge portfolio would increase the expected time to repayment with a potential impact on fair values and credit losses. However, given the overall short duration nature of our bridge loans, a certain level of maturity extensions are a regular asset management outcome for these loans, irrespective of market conditions. In the second quarter of 2024, the average length of maturity extensions granted on residential investor bridge loans was just under five months.

We generally value delinquent residential investor loans at a dollar price that is informed by various market data, including the estimated fair value of the collateral securing a loan, for which we typically receive third-party appraisals, as well as estimated sales costs. The amounts we may ultimately recover through the foreclosure of loans and the sale of the underlying collateral or through alternative strategies, such as through loan sales or discounted payoffs, could vary materially from our estimates and could have a material impact on our earnings in future periods.

We finance our residential investor bridge loans with a combination of recourse, non-marginable warehouse facilities, non-recourse, non-marginable facilities, and non-recourse securitization debt. At June 30, 2024, we had \$860 million of debt incurred through warehouse facilities with six counterparties, which was secured by \$1.20 billion of residential investor bridge loans; and \$648 million of securitization debt secured by \$686 million of residential investor bridge loans, \$18 million of restricted cash and \$53 million of other assets. At June 30, 2024, the unpaid principal balance of bridge loans financed was \$1.90 billion, of which \$457 million was financed with recourse, non-marginable facilities, \$764 million was financed with non-recourse, non-marginable facilities, and \$680 million was financed through non-recourse CAFL bridge securitizations.

The following table provides the composition of residential investor bridge loans held-for-investment by product type as of June 30, 2024 and December 31, 2023.

**Table 14 – Residential Investor Bridge Loans Held-for-Investment - By Product/Strategy Type**

<b>(In Thousands)</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>
Renovate / Build for rent ("BFR") <sup>(1)</sup>	\$ 915,174	\$ 1,045,191
Single Asset Bridge ("SAB") <sup>(2)</sup>	119,989	128,434
Multifamily <sup>(3)</sup>	827,000	866,278
Other	20,537	28,420
<b>Fair Value at End of Period</b>	<b>\$ 1,882,700</b>	<b>\$ 2,068,323</b>

(1) Includes loans to finance acquisition and/or stabilization of existing housing stock or to finance new construction of residential properties for rent.

(2) Includes loans for light to moderate renovation of residential and small multifamily properties (generally less than 20 units).

(3) Includes loans for predominantly light to moderate rehabilitation projects on multifamily properties.

At June 30, 2024, the fair value of our total residential investor bridge loans held-for-investment and associated REO represented 97.9% of the combined unpaid principal balance of these loans and the unpaid principal balance of the loans associated with the REO at time of foreclosure. The fair value of multifamily loans within this population (\$827 million at June 30, 2024) and associated multifamily REO (\$44 million at June 30, 2024), represented 96.6% of the combined unpaid principal balance of these loans and the unpaid principal balance of the loans associated with the REO at time of foreclosure.

### Home Equity Investments

The following table provides the activity of HEI held at our investment portfolio during the three and six months ended June 30, 2024.

**Table 15 – HEI at Investment Portfolio Segment - Activity**

Home Equity Investments <sup>(1)</sup> (In Thousands)	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
Balance at beginning of period	\$ 560,745	\$ 550,436
New/additional investments	299	606
Settlements	(15,617)	(27,182)
Changes in fair value, net	28,692	50,259
<b>Balance at End of Period</b>	<b>\$ 574,119</b>	<b>\$ 574,119</b>

(1) Our HEI presented in this table as of June 30, 2024, include \$321 million of HEI owned in our consolidated HEI securitization entities and \$253 million of HEI owned directly at Redwood.

We finance a portion of our HEI through a short-term warehouse facility. At June 30, 2024, there was \$103 million of debt outstanding on this warehouse facility, secured by HEI with a fair value of \$212 million.

Additional details on our HEI are included in *Note 11* of our *Notes to Consolidated Financial Statements*, included in Part I, Item 1 of this Quarterly Report on Form 10-Q. During the three and six months ended June 30, 2024, positive investment fair value changes primarily reflected improvements in actual and forecasted home price appreciation, relative to previously modeled amounts.

### Other Investments

The following table sets forth our other investments activity at our Investment Portfolio segment by significant asset type for the three and six months ended June 30, 2024.

**Table 16 – Other Investments – Activity<sup>(1)</sup>**

Three Months Ended June 30, 2024 (In Thousands)	Servicing Investments <sup>(2)</sup>	Strategic Investments	MSRs and Excess Servicing	Other	Total
Balance at beginning of period	\$ 216,033	\$ 57,608	\$ 63,539	\$ 165	\$ 337,345
New/additional investments	—	2,873	9	—	2,882
Sales/distribution/repayments	—	—	—	(59)	(59)
Servicer advances (repayments), net	(281)	—	—	—	(281)
Changes in fair value, net	11,611	(1,451)	(141)	—	10,019
<b>Balance at End of Period</b>	<b>\$ 227,363</b>	<b>\$ 59,030</b>	<b>\$ 63,407</b>	<b>\$ 106</b>	<b>\$ 349,906</b>

Six Months Ended June 30, 2024 (In Thousands)	Servicing Investments <sup>(2)</sup>	Strategic Investments	MSRs and Excess Servicing	Other	Total
Balance at beginning of period	\$ 225,345	\$ 56,107	\$ 62,244	\$ 234	\$ 343,930
New/additional investments	—	4,669	85	—	4,754
Sales/distribution/repayments	—	—	—	(128)	(128)
Servicer advances (repayments), net	(8,959)	—	—	—	(8,959)
Changes in fair value, net	10,977	(1,746)	1,078	—	10,309
<b>Balance at End of Period</b>	<b>\$ 227,363</b>	<b>\$ 59,030</b>	<b>\$ 63,407</b>	<b>\$ 106</b>	<b>\$ 349,906</b>

#### Footnotes to Table 16

- (1) Tables include all "Other investments" as presented on our consolidated balance sheets. Strategic Investments presented above are held at Corporate/Other, and the remaining other investments are held in our Investment Portfolio segment.
- (2) Our servicing investments are owned through our consolidated Servicing Investment entities. At June 30, 2024, our economic investment in these entities was \$100 million (for GAAP purposes, we consolidated \$258 million of servicing investments, \$146 million of non-recourse short-term securitization debt, as well as other assets and liabilities for these entities).

Additional details on our Other Investments is included in *Note 12* of our *Notes to Consolidated Financial Statements*, included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

#### Income Taxes

##### *REIT Status and Dividend Characterization*

While the exact amount is uncertain at this time, we currently expect a portion of our 2024 common stock dividend distributions to be taxable as ordinary income for federal income tax purposes. Any remaining amount is currently expected to be characterized as a return of capital, which in general is nontaxable (provided it does not exceed a shareholder's tax basis in Redwood shares) and reduces a shareholder's basis in Redwood shares (but not below zero). To the extent such distributions exceed a shareholder's basis in Redwood shares, such excess amount would be taxable as capital gain. We currently expect all of our 2024 preferred stock dividend distributions to be taxable as ordinary income for federal income tax purposes. Under the federal income tax rules applicable to REITs, none of Redwood's 2024 dividend distributions are currently expected to be characterized as long-term capital gain dividends. The income or loss generated at our TRS will not directly affect the tax characterization of our 2024 dividends; however, any dividends paid from our TRS to our REIT would allow a portion of our REIT's dividends to be classified as qualified dividends.

##### *Tax Provision under GAAP*

For both the three and six months ended June 30, 2024, we recorded a tax provision of \$5 million. For the three and six ended June 30, 2023, we recorded a tax provision of \$0.1 million and a tax benefit of \$1 million, respectively. Our tax provision is primarily derived from the activities at our TRS, as we do not book a material tax provision associated with income generated at our REIT. The switch to a tax provision from a benefit from income taxes year-over-year was primarily the result of GAAP income earned at our TRS in the first half of 2024 compared to a GAAP loss in the first half of 2023.

Realization of our deferred tax assets ("DTAs") is dependent on many factors, including generating sufficient taxable income prior to the expiration of NOL carryforwards (where applicable) and generating sufficient capital gains in future periods prior to the expiration of capital loss carryforwards. We closely analyzed the realizability of our net deferred tax assets in whole and in part, and, at June 30, 2024 and December 31, 2023, we reported net federal ordinary and capital DTAs with no material valuation allowance recorded against them. We conduct our evaluation by considering, among other things, all available positive and negative evidence, historical operating results and cumulative earnings analysis, forecasts of future profitability, and the duration of statutory carryforward periods. Based on this analysis, we continue to believe it is more likely than not that we will realize our federal deferred tax assets in future periods as income is earned at our TRS; therefore, there continues to be no material valuation allowance recorded against our net federal DTAs. This evaluation requires significant judgment in assessing the possible need for a valuation allowance and changes to our assumptions could result in a material change in the valuation allowance with a corresponding impact on the provision for income taxes in the period including such change.

Consistent with prior periods, we continued to maintain a valuation allowance against the majority of our net state DTAs as realization of our state DTAs is dependent on generating sufficient taxable income in the same jurisdictions in which the DTAs exist and we project most of our state DTAs will expire prior to their utilization.

## LIQUIDITY AND CAPITAL RESOURCES

### Summary

In addition to the proceeds from equity and debt capital-raising transactions, our principal sources of cash and liquidity consist of borrowings under mortgage loan warehouse facilities, secured term financing facilities, securities repurchase agreements, a corporate secured revolving financing facility, payments of principal and interest we receive from our investment portfolio assets, proceeds from the sale of investment portfolio assets, and cash generated from our mortgage banking operating activities, such as the sale and securitization of mortgage loans. Our most significant uses of cash are to purchase and originate mortgage loans for our mortgage banking operations and manage hedges associated with those activities, to purchase investment securities and make other investments, to repay principal and interest on our debt, to meet margin calls associated with our debt and other obligations, to make dividend payments on our capital stock, to fund draws on our bridge loan portfolio and other commitments when requested, and to fund our operations.

At June 30, 2024, our total capital was \$2.12 billion, consisting of (i) \$1.22 billion of equity capital, (ii) \$881 million of convertible notes and other corporate debt on our consolidated balance sheets (including \$107 million of convertible debt due in July 2024, \$157 million of exchangeable debt due in October 2025, \$207 million of convertible debt due in 2027, \$125 million corporate secured revolving financing facility with CPP Investments due in March 2026, \$145 million of senior unsecured notes due in 2029, \$140 million of trust-preferred securities due in 2037), and (iii) \$15 million of promissory notes included in short-term debt. In January 2024, we issued \$60 million of 9.125% fixed-rate senior unsecured notes with a maturity of March 1, 2029 which we may redeem in whole or in part at any time on or after March 1, 2026. In June 2024, we issued \$85 million of 9.000% fixed-rate senior unsecured notes with a maturity of September 1, 2029 which we may redeem in whole or in part at any time on or after September 1, 2026. Subsequent to quarter end, we repaid the \$107 million convertible debt in July 2024 with available cash on hand.

As of June 30, 2024, our unrestricted cash and cash equivalents were \$276 million. While we believe our available cash is sufficient to fund our operations, we may raise equity or debt capital from time to time to increase our unrestricted cash and liquidity, to repay existing debt, to make long-term portfolio investments, to fund strategic acquisitions and investments, or for other purposes. To the extent we seek to raise additional capital, our approach will continue to be based on what we believe to be in the best interests of the Company.

In the discussion that follows and throughout this document, we distinguish between marginable and non-marginable debt. When we refer to non-marginable debt and marginable debt, we are referring to whether or not such debt can be subject to margin calls based solely on the lender's determination, in its discretion, of the market value of the underlying collateral that is non-delinquent. If a mortgage loan is financed under a marginable warehouse facility, to the extent the market value of the loan declines (which market value is determined by the counterparty under the facility), we will be subject to a margin call, meaning we will be required to either immediately reacquire the loan or meet a margin requirement to pledge additional collateral, such as cash or additional mortgage loans, in an amount at least equal to the decline in value. Non-marginable debt may be subject to a margin call due to delinquency or another credit event related to the mortgage loan or security being financed, a decline in the value of the underlying property securing the mortgage loan, as determined by an appraisal, broker price opinion, or similar third-party source, an extended dwell time (i.e., period of time financed using a particular financing facility) for certain types of mortgage loans, or a change in the interest rate of a specified reference security relative to a base interest rate amount.

We also distinguish our debt between recourse and non-recourse, as our non-recourse debt has unique characteristics that differentiate it in important ways from our recourse debt. When we refer to non-recourse debt, we mean debt that is payable solely from the assets pledged to secure such debt, and under which debt no creditor or lender has direct or indirect recourse to us (except for customary exceptions for fraud, acts of insolvency, or other "bad acts"), if such assets are inadequate or unavailable to pay off such debt. From time to time, we may incur debt with a mixture of both recourse and non-recourse elements, such that only a portion of the loan would be subject to a full recourse guaranty with the remainder being non-recourse. In this case, we would consider as recourse debt only that portion of borrowings subject to a full recourse guaranty, with the remainder considered non-recourse debt.

At June 30, 2024, in aggregate, we had \$2.49 billion of secured recourse debt outstanding, financing our mortgage banking operations and investment portfolio, of which \$756 million was marginable and \$1.73 billion was non-marginable.

We are subject to risks relating to our liquidity and capital resources, including risks relating to incurring debt under loan warehouse facilities, securities repurchase facilities, other short- and long-term debt facilities and other risks relating to our corporate debt and use of derivatives. A further discussion of these risks is set forth below under the heading "*Risks Relating to Debt Incurred under Short-and Long-Term Borrowing Facilities.*"



### ***Repurchase Authorization***

Our Board of Directors approved an authorization for the repurchase of up to \$125 million of our common stock, and also authorized the repurchase of outstanding debt securities, including convertible and exchangeable debt. In May 2023, our Board of Directors approved an additional authorization for the repurchase of up to \$70 million of our preferred stock. During the six months ended June 30, 2024 we did not repurchase any shares of our common stock or preferred stock and repurchased \$39 million of our convertible and exchangeable debt. At June 30, 2024, \$101 million of the current authorization remained available for the repurchase of shares of our common stock, and \$70 million remained available for the repurchase of shares of our preferred stock. Like investments we may make, any repurchases of our common stock, preferred stock, or debt securities under these authorizations would reduce our available capital and unrestricted cash described above.

### **Cash Flows and Liquidity for the Six Months Ended June 30, 2024**

Cash flows from our mortgage banking activities and our investments can be volatile from quarter to quarter depending on many factors, including the timing and amount of loan originations, acquisitions, sales and profitability within our mortgage banking operations, the timing and amount of securities acquisitions, sales and repayments, as well as changes in interest rates, prepayments, and credit losses. Therefore, cash flows generated in the current period are not necessarily reflective of the long-term cash flows we will receive from these operating or investment activities.

#### ***Cash Flows from Operating Activities***

During the six months ended June 30, 2024, our net cash used in operating activities was \$2.92 billion. This amount includes the net cash utilized during the period from the purchase and sale of residential mortgage loans, and the origination and sale of our residential loans associated with our mortgage banking activities. Loans purchased or originated for our mortgage banking operations are financed to a large extent with short-term and long-term debt obligations, for which changes in cash are included as a component of financing activities. Additionally, many of these loans are sold into securitizations, which we consolidate under GAAP, and cash inflows from these sales are shown as proceeds from ABS issued within financing activities. Further, loans securitized or transferred into our investment portfolio are reclassified as held-for-investment loans, and any subsequent principal repayments or proceeds from sales of these loans are classified as investing activities. During the first six months of 2024, we transferred \$2.65 billion of residential loans to six Sequoia securitizations and reclassified these loans as held-for-investment loans. Excluding cash flows from the purchase, origination, sale and principal payments of loans classified as held-for-sale, and the settlement of associated derivatives (which cumulatively totaled \$2.97 billion of net cash outflows), cash flows from operating activities were positive \$51 million during the first six months of 2024.

#### ***Cash Flows from Investing Activities***

During the six months ended June 30, 2024, our net cash provided by investing activities was \$902 million and primarily resulted from proceeds from principal payments on loans held-for-investment and proceeds from sales of securities, in excess of cash deployed into these investments. Because many of our investment securities, loans and HEI are financed through various borrowing agreements, a significant portion of the proceeds from any sales or principal payments of these assets are generally used to repay balances under these financing sources. Similarly, all or a significant portion of cash flows from principal payments of loans and HEI at consolidated securitization entities would generally be used to repay ABS issued by those entities.

Although we generally intend to hold our loans and investment securities as long-term investments, we may sell certain of these assets in order to manage our liquidity needs and interest rate risk, to meet other operating objectives, and to adapt to market conditions.

As presented in the "*Supplemental Noncash Information*" subsection of our consolidated statements of cash flows, during the six months ended June 30, 2024, we transferred \$2.82 billion of loans between held-for-sale and held-for-investment classification, which represent significant non-cash transactions that were not included in cash flows from investing activities.

#### ***Cash Flows from Financing Activities***

During the six months ended June 30, 2024, our net cash provided by financing activities was \$1.99 billion. This primarily resulted from \$1.85 billion of net borrowings under ABS issued (resulting from the issuance of six Sequoia securitizations, net of related issuance costs), and \$186 million of net borrowings on debt obligations. During the six months ending June 30, 2024, net cash provided from debt obligations included the issuance of \$60 million of senior notes in January 2024 and the issuance of \$85 million of senior notes in June 2024.

During the six months ended June 30, 2024, we declared and paid dividends for the first and second quarters of 2024 on our common stock of \$0.32 per common share (totaling \$44 million) and paid dividends on our preferred stock for the fourth quarter of 2023 and the first quarter of 2024 of \$1.2500 per share (totaling \$4 million). Specifically, on June 11, 2024, the Board of Directors declared a regular dividend on our common stock of \$0.16 per share for the second quarter of 2024, which was paid on June 28, 2024 to shareholders of record on June 21, 2024. Additionally, on June 11, 2024, the Board of Directors declared a regular quarterly dividend of \$0.625 per share of preferred stock, which was paid on July 15, 2024 to stockholders of record on July 1, 2024.

In accordance with the terms of our outstanding deferred stock units, cash-settled deferred stock units, restricted stock units and cash-settled restricted stock units, which are stock-based compensation awards, each time we declare and pay a dividend on our common stock, we are required to make a dividend equivalent payment in that same per share amount on each outstanding deferred stock unit, cash-settled deferred stock unit, restricted stock unit and cash-settled restricted stock unit.

### Material Cash Requirements

In the normal course of business, we enter into transactions that may require future cash payments. As required by GAAP, some of these obligations are recorded on the balance sheet, while others are off-balance sheet or recorded on the balance sheet in amounts different from the full contractual or notional amount of the transaction.

Our material cash requirements from known contractual and other obligations during the twelve months following June 30, 2024, include maturing debt obligations, interest payments on debt obligations and ABS issued, payments on operating leases, funding commitments for residential investor bridge loans, strategic investments, and other current payables. Our material cash requirements from known contractual and other obligations beyond the twelve months following June 30, 2024, include maturing long-term debt, interest payments on long-term debt, payments on operating leases and funding commitments for residential investor bridge loans, strategic investments, and principal and interest payments under ABS issued (as described further below under *Liquidity Needs for our Investment Portfolio*).

At June 30, 2024, we had commitments to fund up to \$448 million of additional advances on existing residential investor bridge loans. These commitments are generally subject to loan agreements with covenants regarding the financial performance of the borrower and other terms regarding advances that must be met before we fund the commitment (for example, funding is dependent on actual progress on a project and we retain the right to conduct due diligence with respect to each draw request to confirm conditions have been met). A majority of the commitments are for longer-term renovate/build-for-rent loans (which generally have funding caps below their full commitment amount) and are expected to fund over the next several quarters. Additionally, at June 30, 2024, we had \$1.53 billion of available warehouse capacity for residential investor loans and scheduled bridge loan maturities are expected to provide an additional source of cash that can be used to fund our commitments.

For additional information regarding our material cash requirements, see Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023 under the caption *Contractual Obligations*. For additional information on commitments and contingencies as of June 30, 2024 that could impact our liquidity and capital resources, see *Note 18* of our *Notes to Consolidated Financial Statements* in Part I, Item 1 of this Quarterly Report on Form 10-Q, which supplements the disclosures included in *Note 17* to the Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023.

We expect to meet our obligations coming due in less than one year from June 30, 2024 most likely from borrowings under existing, new or amended financing arrangements, or through other previously mentioned sources of capital. As of June 30, 2024, we had approximately \$332 million of unencumbered assets, and we currently estimate we could generate incremental capital organically through financing of these assets. Our unencumbered assets consist primarily of bridge loans, HEL, and retained securities from our securitization activities. To date in the third quarter of 2024, we have established a new financing line for bridge loans and we are actively engaged in seeking expanded financing capacity for our residential consumer business which has been growing its volumes and expect to make further progress on this initiative in the second quarter of 2024.

See *Note 17* in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information on our debt obligations.

### ***Liquidity Needs for our Mortgage Banking Activities***

We generally use loan warehouse facilities to finance the loans we acquire and originate in our mortgage banking operations while we aggregate the loans for sale or securitization. These facilities may be designated as short-term or long-term, depending on the remaining maturity of the facility or the amount of time individual borrowings may remain outstanding on a facility.

At June 30, 2024, we had residential consumer warehouse facilities outstanding with six different counterparties, with \$1.65 billion of total capacity and \$763 million of available capacity. These included non-marginable facilities with \$500 million of total capacity and marginable facilities with \$1,150 million of total capacity. At June 30, 2024, we had residential investor warehouse facilities outstanding with seven different counterparties, with \$2.53 billion of total capacity and \$1.53 billion of available capacity. All of these residential investor financing facilities are non-marginable. We note that several of these facilities used to finance our Residential Investor Mortgage Banking loan inventory are also used to finance bridge loans held in our investment portfolio.

Most of our loan warehouse facilities were established with initial one-year terms and are regularly amended on an annual basis to extend the terms for an additional year ahead of their maturity. We renewed several of these facilities during the first and second quarters of 2024, and have other such facilities with scheduled maturities during the next twelve months. During the first six months of 2024, we entered into two new recourse, marginable facilities with borrowing limits totaling \$500 million and amended an existing residential consumer loan facility from recourse to non-recourse. Additionally, during the first six months of 2024, we entered into one recourse, non-marginable \$100 million facility and as well as a non-recourse, non-marginable \$375 million facility to finance residential investor loans.

Additional information regarding risks related to the debt we use to finance our mortgage banking operations can be found under the heading "*Risks Relating to Debt Incurred under Short- and Long-Term Borrowing Facilities*" that follows within this section.

### ***Liquidity Needs for our Investment Portfolio***

At June 30, 2024, in addition to our ABS issued, our investment portfolio was financed with \$689 million of secured recourse debt, of which \$134 million was marginable and \$555 million was non-marginable, and \$652 million of secured non-recourse debt that was non-marginable.

We use various forms of secured recourse and non-recourse debt to finance assets in our investment portfolio. Our ABS issued is non-recourse and represents debt of securitization entities that we consolidate for GAAP reporting purposes. Our exposure to these entities is primarily through the financial interests we have purchased or retained from these entities (typically subordinate securities and interest only securities). Each securitization entity is independent of Redwood and of each other and the assets and liabilities are not owned by and are not legal obligations of Redwood. As the debt issued by these entities is not a direct obligation of Redwood, and since the debt generally can remain outstanding for the full term of the loans it is financing within each securitization, this debt effectively provides permanent financing for these assets. Certain of our ABS issued, including that issued through our CAFL Bridge loan securitizations, HEI securitizations, and SLST re-securitization, are subject to optional redemptions and interest rate step-ups. If we choose not to redeem these securitizations, the interest rates will step-up, reducing our net interest income. If we choose to redeem the securities, we will need to secure alternative sources of financing for these assets or utilize available cash. See *Notes 15 and 16*, respectively, in Part I, Item 1 of this Quarterly Report on Form 10-Q, for additional information on our principles of consolidation and our asset-backed securities issued.

In addition, the residential investor bridge loan joint venture we established in 2023 has a dedicated warehouse facility. This warehouse facility is an obligation of the joint venture, not of Redwood, and it is non-recourse to Redwood (except for customary exceptions for fraud, acts of insolvency, or other "bad acts"). We established multiple similar, dedicated warehouse facilities for the residential investor bridge and term loan joint venture we established in the first quarter 2024. See *Notes 8 and 18* in Part I, Item 1 of this Quarterly Report on Form 10-Q, for additional information regarding our residential investor bridge loan and bridge and term loan joint ventures.

One of our subordinate securities financing facilities had a maturity date in September 2024. Recourse term borrowings under this facility were \$121 million at June 30, 2024, and were secured by certain subordinate and interest-only securities we retained from Sequoia securitizations we sponsored. In July 2024, this financing facility was refinanced into a new, non-recourse resecuritization, with a principal balance of \$205 million and a blended interest rate of 8.5%. The collateral for this resecuritization includes Sequoia securities that had been financed with our recourse subordinate securities financing, Sequoia securities financed through other facilities or previously unfinanced Sequoia securities.

Another one of our subordinate securities financing facilities matures in February 2025. Recourse term borrowings under this facility were \$97 million at June 30, 2024 and are secured by certain securities we retained from CAFL securitizations we sponsored. While we will continue to evaluate our alternatives with respect to this facility's maturity, we expect we will be able to refinance these securities utilizing securities repurchase financing or alternative types of secured debt. These subordinate securities financing facilities are subject to optional redemptions and interest rate step-ups. If we choose not to redeem these borrowings, the interest rates will step-up, and in some cases already have, reducing our net interest income. If we choose to redeem the securities, we will need to secure alternative sources of financing for these assets or utilize available cash.

The remainder of the debt we use to finance our investments is recourse debt, including our subordinate securities financing facilities, residential investor financing facilities, MSR financing facility, securities repo borrowings, HEI warehouse facility, and corporate secured revolving financing facility. For securities we have financed, our subordinate securities financing facilities are non-marginable and our repurchase debt facilities and MSR facility (which also finances certificated MSRs we classify as securities) are marginable. Our residential investor financing facilities and HEI warehouse facility are non-marginable (i.e., not subject to margin calls based solely on the lender's determination, in its discretion, of the market value of the underlying collateral that is non-delinquent), but may be subject to margin calls based on, for example, delinquency of the mortgage loan being financed, or a decline in the estimated value of the property securing the mortgage loan that is financed.

Delinquencies on residential investor bridge loans that are financed through warehouse facilities experienced an uptick during the first six months of 2024, and have been and could continue to be, a required use of our liquidity to the extent the terms of the applicable warehouse facility apply reduced financing advance rates to these loans ("advance rate step-downs") or these loans become ineligible for financing under the terms of the warehouse facility. While we may have the ability to finance delinquent loans on other facilities with capacity for these types of loans, the advance rates are generally lower and the interest rates are higher. Additionally, our liquidity may be impacted to the extent delinquencies on loans financed through CAFL bridge securitizations were elevated above established thresholds for an extended period, which could trigger adverse changes to certain structural terms of these transactions (such as terms relating to the amortization of the issued securities and the revolving availability of financing under these transactions).

### **Corporate Capital**

In addition to secured recourse and non-recourse debt we use specifically in association with our mortgage banking operations and within our investment portfolio, we also use unsecured recourse debt to finance our overall operations. This is generally in the form of convertible and non-convertible senior debt securities we issue in the public markets and also includes trust preferred securities and promissory notes. Furthermore, during the first quarter of 2024, we entered into a corporate secured revolving financing facility to provide recourse debt financing secured by eligible collateral, which may include residential investor securities, residential consumer securities and other investments, as well as equity in certain operating subsidiaries. At June 30, 2024, this facility had a borrowing limit of \$250 million and a two-year term, with a one-year extension option. We also characterize our corporate secured revolving financing facility as non-marginable, but it may be subject to margin calls or cash flow sweeps based on a decline in the market value of financed collateral in an aggregate amount that causes the effective advance rate associated with such financing facility to exceed a specified threshold, based on market value determinations by Redwood and one or more third party valuation agents. See *Note 17* Part I, Item 1 of this Quarterly Report on Form 10-Q and *Note 14* and *Note 16* in Part II, Item 8 of our Annual Report on Form 10-K, for additional information on our unsecured debt obligations.

### **Risks Relating to Debt Incurred Under Short- and Long-Term Borrowing Facilities**

As described above under the heading "*Results of Operations*," in the ordinary course of our business, we use debt financing obtained through several different types of borrowing facilities to, among other things, finance the acquisition and/or origination of residential consumer and residential investor mortgage loans (including those we acquire or originate in anticipation of sale or securitization), and finance investments in securities and other investments. We may also use borrowings to fund other aspects of our business and operations, including the repurchase of shares of our capital stock. Recourse debt incurred under these facilities is generally either the direct obligation of Redwood Trust, Inc., or the direct obligation of subsidiaries of Redwood Trust, Inc. and guaranteed by Redwood Trust, Inc. Risks relating to debt incurred under these facilities are described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023, under the caption(s) "*Risks Relating to Debt Incurred under Short- and Long-Term Borrowing Facilities*," and "*Our use of financial leverage exposes us to increased risks, including liquidity risks from margin calls and potential breaches of the financial covenants under our borrowing facilities, which could result in our being required to immediately repay all outstanding amounts borrowed under these facilities and these facilities being unavailable to use for future financing needs, as well as triggering cross-defaults under other debt agreements.*"

Aggregate borrowing limits are stated under certain of these facilities, and certain other facilities have no stated borrowing limit, but many of the facilities are uncommitted, which means that any request we make to borrow funds under these uncommitted facilities may be declined by the lender for any reason, even if at the time of the borrowing request we have then-outstanding borrowings that are less than the borrowing limits under these facilities. In general, financing under these facilities is obtained by transferring or pledging mortgage loans or securities to the counterparty in exchange for cash proceeds (in an amount less than 100% of the principal amount of the transferred or pledged assets). Given that we may not be able to obtain additional financing under uncommitted lines when we need it, we are exposed to, among other things, liquidity risks of the types described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 under the heading “*Risk Factors*,” and in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2023 under the heading “*Market Risks*.” In addition, with respect to mortgage loans that at any given time are already being financed through these warehouse facilities, we are exposed to market, credit, liquidity, and other risks of the types described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 under the heading “*Risk Factors*,” and in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2023 under the heading “*Market Risks*,” if and when those loans or securities become ineligible to be financed, decline in value, or have been financed for the maximum term permitted under the applicable facility.

Under many of our mortgage loan warehouse facilities, our short-term securities repurchase facilities, and our corporate secured revolving financing facility, while transferred or pledged mortgage loans or securities are financed under the facility, to the extent the value of the loans or securities, or the collateral underlying those loans or securities, declines, we are generally required to either immediately reacquire the loans or securities or meet a margin requirement to transfer or pledge additional loans, securities or cash in an amount at least equal to the decline in value. Of our active financing arrangements with outstanding balances at June 30, 2024, only our securities repurchase facilities (with \$88 million of borrowings outstanding at June 30, 2024), three of our residential consumer mortgage loan warehouse facilities (with a combined \$622 million of borrowings outstanding at June 30, 2024), and a certificated MSR facility (with \$46 million of borrowings outstanding at June 30, 2024) retain market-value based margin call provisions based solely on the lender's determination of market value and, as such, are considered marginable.

Margin call provisions under these facilities are further described in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 under the caption “*Risks Relating to Debt Incurred under Short- and Long-Term Borrowing Facilities - Margin Call Provisions Associated with Short-Term Debt and Other Debt Financing*.” Financial covenants included in these facilities are further described Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 under the caption “*Risks Relating to Debt Incurred under Short- and Long-Term Borrowing Facilities - Financial Covenants Associated with Short-Term Debt and Other Debt Financing*.”

At June 30, 2024, and through the date of this Quarterly Report on Form 10-Q, we were in compliance with the financial covenants associated with our debt financing facilities. In particular, with respect to: (i) financial covenants that require us to maintain a minimum dollar amount of stockholders' equity or tangible net worth at Redwood, at June 30, 2024 our level of stockholders' equity and tangible net worth resulted in our being in compliance with these covenants by more than \$200 million; and (ii) financial covenants that require us to maintain recourse indebtedness below a specified ratio at Redwood, at June 30, 2024 our level of recourse indebtedness resulted in our being in compliance with these covenants at a level such that we could incur more than \$4 billion in additional recourse indebtedness.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates. A discussion of critical accounting policies and the possible effects of changes in estimates on our consolidated financial statements is included in *Note 2 — Basis of Presentation* and *Note 3 — Summary of Significant Accounting Policies* included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

We have elected the fair value option of accounting for a significant portion of the assets and some of the liabilities on our balance sheet, and the majority of these assets and liabilities utilize Level 3 valuation inputs, which require a significant level of estimation uncertainty. See *Note 6* in Part I, Item 1 of this Quarterly Report on Form 10-Q, for additional information on our assets and liabilities accounted for at fair value at June 30, 2024, including the significant inputs used to estimate their fair values and the impact the changes in their fair values had to our financial condition and results of operations. See *Note 5* in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2023, incorporated herein by reference, for the same information on these assets and liabilities as of December 31, 2023. Periodic fluctuations in the values of these assets and liabilities are inherently volatile and thus can lead to significant period-to-period GAAP earnings volatility.

Additional detail on our critical accounting estimates is included in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2023, under the heading "*Critical Accounting Estimates*."

## MARKET AND OTHER RISKS

We seek to manage risks inherent in our business — including but not limited to credit risk, interest rate risk, prepayment risk, liquidity risk, and fair value risk — in a prudent manner designed to enhance our earnings and dividends and preserve our capital. In general, we seek to assume risks that can be quantified from historical experience, to actively manage such risks, and to maintain capital levels consistent with these risks. Information concerning the risks we are managing, how these risks are changing over time, and potential GAAP earnings and taxable income volatility we may experience as a result of these risks is discussed in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

In addition to the market risks described above, our business and results of operations are subject to a variety of types of risks and uncertainties, including, among other things, those described under the caption "*Risk Factors*" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Information concerning market risk is incorporated herein by reference to Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as supplemented by the information under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Market Risks*” within Item 2 above. Other than the developments described thereunder, including changes in the fair values of our assets, there have been no other material changes in our quantitative or qualitative exposure to market risk since December 31, 2023.

### **Item 4. Controls and Procedures**

We have adopted and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed on our reports under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized, and reported within the time periods specified in the U.S. Securities and Exchange Commission’s rules and forms and that the information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) of the Exchange Act, we have carried out an evaluation, under the supervision and with the participation of management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter covered by this report. Based on the foregoing, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level.

There have been no changes in our internal control over financial reporting during the second quarter of 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

For information on our legal proceedings, see *Note 18* to the Financial Statements within this Quarterly Report on Form 10-Q under the heading "*Loss Contingencies - Litigation, Claims and Demands*," which supplements the disclosures included in *Note 17* to the Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023 under the heading "*Loss Contingencies - Litigation, Claims and Demands*."

### Item 1A. Risk Factors

Our risk factors are discussed under Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023.

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

During the three months ended June 30, 2024, we did not sell any equity securities that were not registered under the Securities Act of 1933, as amended, except as set forth below.

In July 2022, our Board of Directors approved an authorization for the repurchase of up to \$125 million of our common stock, and also authorized the repurchase of outstanding debt securities, including convertible and exchangeable debt. In May 2023, our Board of Directors approved an additional authorization for the repurchase of up to \$70 million of our preferred stock. These authorizations have no expiration dates and do not obligate us to acquire any specific number of shares or securities. During the three months ended June 30, 2024, we did not repurchase any shares of our common or preferred stock under this program. At June 30, 2024, \$101 million and \$70 million of the current authorization remained available for the repurchase of shares of our common and preferred stock, respectively, and we also continued to be authorized to repurchase outstanding debt securities.

The following table contains information on the shares of our common stock that we purchased or otherwise acquired during the three months ended June 30, 2024.

(In Thousands, except per Share Data)	Total Number of Shares Purchased or Acquired	Average Price per Share Paid	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or approximate dollar value) of Shares that May Yet be Purchased under the Plans or Programs
April 1, 2024 - April 30, 2024	—	\$ —	—	\$ —
May 1, 2024 - May 31, 2024	—	\$ —	—	\$ —
June 1, 2024 - June 30, 2024	—	\$ —	—	\$ —
Total	—	\$ —	—	\$ 101,200,000

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures (Not Applicable)

### Item 5. Other Information

Effective August 6, 2024, Redwood amended and restated its employment agreements with each of Christopher J. Abate (Redwood's CEO), Dashiell I. Robinson (Redwood's President), Brooke E. Carillo (Redwood's CFO), Fred J. Matera (Redwood's Chief Investment Officer), Sasha G. Macomber (Redwood's Chief Human Resource Officer), and Andrew P. Stone (Redwood's Executive Vice President, Chief Legal Officer, and Secretary). These agreements were amended and restated to, among other things, update or clarify certain defined terms, update or clarify certain severance-related terms, and update provisions related to certain restrictive covenants, as well as to reflect previously disclosed compensation terms applicable to these officers.



The preceding summary of the six amended and restated employment agreements is qualified in its entirety by reference to, and should be read in connection with, the complete copies of the amended and restated employment agreements attached as Exhibits 10.1, 10.2, 10.3, 10.4, 10.5 and 10.6 to this Quarterly Report on Form 10-Q and incorporated by reference herein.

During the three months ended June 30, 2024, no director or "officer" (as defined in 17 CFR § 240.16a-1(f)) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K, except as set forth below.

On May 10, 2024, Andrew P. Stone, Redwood's Executive Vice President, Chief Legal Officer and Secretary adopted a Rule 10b5-1 trading arrangement to sell between 13,500 and 14,000 shares on December 23, 2024. The actual number of shares to be sold is based on the tax withholding rate applicable to the delivery of shares in December 2024 underlying previously awarded deferred stock units and will be calculated in accordance with the formula set forth in the plan. The plan is intended to satisfy the affirmative defense of Rule 10b5-1(c).

## Item 6. Exhibits

Exhibit Number	Exhibit
3.1	<a href="#">Articles of Amendment and Restatement of the Registrant, effective July 6, 1994 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1, filed on August 6, 2008)</a>
3.1.1	<a href="#">Articles Supplementary of the Registrant, effective August 10, 1994 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.1, filed on August 6, 2008)</a>
3.1.2	<a href="#">Articles Supplementary of the Registrant, effective August 11, 1995 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.2, filed on August 6, 2008)</a>
3.1.3	<a href="#">Articles Supplementary of the Registrant, effective August 9, 1996 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.3, filed on August 6, 2008)</a>
3.1.4	<a href="#">Certificate of Amendment of the Registrant, effective June 30, 1998 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.4, filed on August 6, 2008)</a>
3.1.5	<a href="#">Articles Supplementary of the Registrant, effective April 7, 2003 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.5, filed on August 6, 2008)</a>
3.1.6	<a href="#">Articles of Amendment of the Registrant, effective June 12, 2008 (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q, Exhibit 3.1.6, filed on August 6, 2008)</a>
3.1.7	<a href="#">Articles of Amendment of the Registrant, effective May 19, 2009 (incorporated by reference to the Registrant's Current Report on Form 8-K, Exhibit 3.1, filed on May 21, 2009)</a>
3.1.8	<a href="#">Articles of Amendment of the Registrant, effective May 24, 2011 (incorporated by reference to the Registrant's Current Report on Form 8-K, Exhibit 3.1, filed on May 20, 2011)</a>
3.1.9	<a href="#">Articles of Amendment of the Registrant, effective May 18, 2012 (incorporated by reference to the Registrant's Current Report on Form 8-K, Exhibit 3.1, filed on May 21, 2012)</a>
3.1.10	<a href="#">Articles of Amendment of the Registrant, effective May 16, 2013 (incorporated by reference to the Registrant's Current Report on Form 8-K, Exhibit 3.1, filed on May 21, 2013)</a>
3.1.11	<a href="#">Articles of Amendment of the Registrant, effective May 16, 2019 (incorporated by reference to the Registrant's Current Report on Form 8-K, Exhibit 3.1, filed on May 17, 2019)</a>
3.1.12	<a href="#">Articles of Amendment of the Registrant, effective June 15, 2020 (incorporated by reference to the Registrant's Current Report on Form 8-K, Exhibit 3.1, filed on June 15, 2020)</a>
3.1.13	<a href="#">Articles Supplementary of the Registrant, effective January 13, 2023 (incorporated by reference to the Registrant's Form 8-A, Exhibit 3.2, filed on January 13, 2023) (No. 001-13759)</a>
3.2	<a href="#">Amended and Restated Bylaws of the Registrant, as adopted on November 2, 2022 (incorporated by reference to the Registrant's Annual Report on Form 10-K, Exhibit 3.2, filed on March 1, 2023)</a>
4.1	<a href="#">Form of 9.00% Senior Notes due 2029 (included as Exhibit A to the Fifth Supplemental Indenture, incorporated by reference to the Registrant's Form 8-A, Exhibit 4.4, filed on June 18, 2024)</a>
4.2	<a href="#">Fifth Supplemental Indenture, dated June 18, 2024, between Redwood Trust, Inc. and Wilmington Trust, National Association, as Trustee (incorporated by reference to the Registrant's Form 8-A, Exhibit 4.4, filed on June 18, 2024)</a>
10.1*	<a href="#">Ninth Amended and Restated Employment Agreement, dated as of August 6, 2024, by and between Christopher J. Abate and the Registrant (filed herewith)</a>
10.2*	<a href="#">Seventh Amended and Restated Employment Agreement, dated as of August 6, 2024, by and between Dashiell I. Robinson and the Registrant (filed herewith)</a>
10.3*	<a href="#">Fourth Amended and Restated Employment Agreement, dated as of August 6, 2024, by and between Brooke E. Carillo and the Registrant (filed herewith)</a>
10.4*	<a href="#">Third Amended and Restated Employment Agreement, dated as of August 6, 2024, by and between Fred J. Matera and the Registrant (filed herewith)</a>
10.5*	<a href="#">Fourth Amended and Restated Employment Agreement, dated as of August 6, 2024, by and between Sasha G. Macomber and the Registrant (filed herewith)</a>
10.6*	<a href="#">Ninth Amended and Restated Employment Agreement, dated as of August 6, 2024, by and between Andrew P. Stone and the Registrant (filed herewith)</a>
10.7*	<a href="#">2002 Redwood Trust, Inc. Employee Stock Purchase Plan, as amended through May 21, 2024 (incorporated by reference to the Registrant's Current Report on Form 8-K, Exhibit 10.1, filed on May 24, 2024)</a>
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2	<a href="#">Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>

Exhibit Number	Exhibit
101	<p>Pursuant to Rule 405 of Regulation S-T, the following financial information from the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2024, is filed in inline XBRL-formatted interactive data files:</p> <ul style="list-style-type: none"> <li>(i) Consolidated Balance Sheets at June 30, 2024 and December 31, 2023;</li> <li>(ii) Consolidated Statements of Income for the three and six months ended June 30, 2024 and 2023;</li> <li>(iii) Statements of Consolidated Comprehensive Income for the three and six months ended June 30, 2024 and 2023;</li> <li>(iv) Consolidated Statements of Changes in Stockholders' Equity for the three and six months ended June 30, 2024 and 2023;</li> <li>(v) Consolidated Statements of Cash Flows for the six months ended June 30, 2024 and 2023; and</li> <li>(vi) Notes to Consolidated Financial Statements.</li> </ul>
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* Indicates exhibits that include management contracts or compensatory plan or arrangements.

**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 TRUST, INC.**

Date: August 7, 2024

By: /s/ Christopher J. Abate  
Christopher J. Abate  
Chief Executive Officer  
(Principal Executive Officer)

Date: August 7, 2024

By: /s/ Brooke E. Carillo  
Brooke E. Carillo  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**NINTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This Ninth Amended and Restated Employment Agreement (“Agreement”), effective as of August 6, 2024 (the “Effective Date”), is entered into by and between **Christopher J. Abate** (the “Executive”) and **Redwood Trust, Inc.**, a Maryland corporation (the “Company”), and amends and restates in its entirety that certain Eighth Amended and Restated Employment Agreement by and between the Executive and the Company dated November 3, 2023 (the “Prior Agreement”).

The Company desires to establish its right to the continued services of the Executive, in the capacity, on the terms and conditions, and subject to the rights of termination hereinafter set forth, and the Executive is willing to accept such continued employment in such capacity, on such terms and conditions, and subject to such rights of termination.

In consideration of the mutual agreements hereinafter set forth, the Executive and the Company have agreed and do hereby agree as follows:

**1. Employment and Responsibilities.** During the Term, the Executive shall serve as the sole Chief Executive Officer of the Company, reporting to the Board of Directors of the Company (the “Board”). The Executive’s duties shall be such executive and managerial duties as the Board shall from time to time prescribe and as provided in the By-Laws of the Company. The Executive does hereby accept and agree to such continued employment. The Board of Directors may, from time to time, in its sole discretion, modify, reassign and/or augment the Executive’s responsibilities, and any such modification, reassignment and/or augmentation shall be deemed a waiver by the Executive of his rights under Section 6(e)(i) hereof only with his express prior written consent. Any such modification, reassignment or augmentation of responsibilities shall be in writing. The Executive shall devote such time, energy and skill to the performance of his duties for the Company and for the benefit of the Company as may be necessary or required for the effective conduct and operation of the Company’s business.

**2. Term of Agreement.** The term of this Agreement (the “Term”) shall commence on the Effective Date and shall continue through December 31, 2024; provided, however, that (i) on January 1, 2025 and each succeeding January 1, the Term shall automatically be extended for one additional year unless, not later than three months prior to any such January 1, either party shall have given written notice to the other that it does not wish to extend the Term and (ii) such one year extensions of the Term shall not occur on and after the January 1 of the year in which the Executive will attain age sixty-five (65) but instead the Term shall be extended only until the date of the Executive’s sixty-fifth (65th) birthday.

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### 3. Compensation.

(a) **Base Salary.** The Company shall pay the Executive, and the Executive agrees to accept from the Company, in payment for his services to the Company a base salary (the “Base Salary”) at the rate of not less than \$950,000 per year, paid in accordance with the customary payroll practices of the Company subject to annual review and increase by the Board in its sole discretion (or by the Board’s separately designated Compensation Committee in its sole discretion). For the avoidance of doubt, references to the Board in this Section 3 shall include the Board’s separately designated Compensation Committee.

(b) **Performance Bonus.** The Executive shall be eligible to receive an annual bonus. The Board in its discretion will determine whether such annual bonus will be paid, the amount of such bonus and its form of payment. The Executive’s target annual bonus amount is 200% of his Base Salary or such greater amount as may subsequently be established by the Board (the “Target Bonus”). During the first ninety (90) days of each calendar year, the Board shall establish the performance goals applicable to such year’s annual bonus opportunity, as well as the framework for awarding an annual bonus that is higher or lesser than the Target Bonus. Such criteria shall be established by the Board, after consultation with the Executive, and pursuant to a process that is consistent with past practice. If the Board determines in its discretion that the Executive’s performance meets or exceeds the criteria established by the Board for the award of a Target Bonus, the Board may award the Executive the Target Bonus or a higher amount. Likewise, if the Board determines in its discretion that the Executive’s performance does not meet said criteria, the Board may award a lesser amount, or no bonus may be awarded. Unless otherwise provided in this Agreement, the Executive’s eligibility to receive any bonus under this paragraph shall be expressly conditioned on, among other things, the Executive remaining employed with the Company up through any designated distribution date set by the Board.

Notwithstanding the foregoing paragraph, in the event of a “Change of Control” (as defined in Exhibit D attached hereto) or an Externalization of Management (as defined in herein), immediately prior to such Change of Control or Externalization of Management the Company shall be obligated to pay the Executive: (A) when such Change of Control or Externalization of Management occurs during a calendar year in respect of which no annual bonus has yet been paid, a pro-rated annual bonus for such calendar year, based on the number of days in such calendar year prior to the Change of Control or Externalization of Management; and (B) when such Change of Control or Externalization of Management occurs after the conclusion of a calendar year in respect of which no annual bonus has yet been paid (i.e., such Change of Control or Externalization of Management occurs after December 31st, but before the designated payment date for the annual bonus in respect of such completed calendar

year), an annual bonus for such completed calendar year. In the case of both of the preceding clauses (A) and (B), such amounts shall each be separately subject to any cap on Executive's annual bonus previously established by the Board (or any committee thereof) and shall each be determined in accordance with the criteria most recently designated by the Board (or any committee thereof) for the determination of such amounts, as follows: (I) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the financial performance of the Company with respect to a calendar year, shall be paid in amounts based on the attainment of such criteria (on an annualized basis, if in respect of less than a full calendar year), through the date immediately prior to such Change of Control or Externalization of Management (or, as applicable, through the end of any such completed calendar year) and in accordance with the methodology previously approved by the Board (or any committee thereof) for payment of such amounts of annual bonus (i.e., an amount at, higher, or lower than the target amounts for such portions of annual bonus); and (II) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the individual performance of the Executive, shall be paid in amounts equal to the target amount of such portion of the Executive's annual bonus.

**(c) Equity Incentive Awards.** The Executive shall be eligible to receive grants of equity-based long-term incentive awards, which may include options to purchase Company stock, performance or restricted stock units and Company restricted stock contributions to Company's deferred compensation plan, or other equity-based awards. Such awards shall be determined in the discretion of the Board and the Executive shall be eligible for consideration for such awards in the same manner as other senior executive officers of the Company. In the event of a Change of Control in which the surviving or acquiring corporation does not assume the Executive's outstanding equity-related awards (including options and equity-based awards granted both before and after the Effective Date) or substitute similar equity-related awards of substantially equivalent value, such equity-related awards shall immediately vest and become exercisable if the Executive's service with the Company has not terminated before the effective date of the Change of Control; provided, however, that the foregoing provision shall only apply if the Company is not the surviving corporation or if shares of the Company's common stock are converted into or exchanged for other securities or cash.

**(d) Annual Review.** The Executive's performance shall be reviewed periodically. The performance evaluations shall consider and assess the Executive's performance of his duties and responsibilities, the accomplishment of established performance objectives, and/or other factors or criteria that the Board, in its sole discretion, may deem relevant. The

frequency of performance evaluations may vary depending upon, among other things, length of service, past performance, changes in job duties or performance levels, but generally would occur on an annual basis. The Board shall, at least annually, review the Executive's entire compensation package to determine whether it continues to meet the Company's compensation objectives. Such annual review will include a determination of (i) whether to increase the Base Salary in accordance with Section 3(a); (ii) the incentive performance bonus to be awarded in accordance with Section 3(b); and (iii) the amount and type of any equity awards granted in accordance with Section 3(c). Salary increases and incentive bonus awards are solely within the discretion of the Board and may depend upon many factors other than the Executive's performance.

**(e) Acknowledgement of Company's Policy for Recovery of Erroneously Awarded Compensation.** A copy of the Company's Policy for Recovery of Erroneously Awarded Compensation (the "Erroneously Awarded Compensation Policy") is attached as Exhibit E hereto. The Executive hereby acknowledges such Erroneously Awarded Compensation Policy and agrees to the terms thereof and understands that compensation received by the Executive may be subject to reduction, cancellation, forfeiture and/or recoupment in accordance with, and to the extent necessary, for the Company to comply with the Erroneously Awarded Compensation Policy, notwithstanding any other agreement to the contrary. The Executive further acknowledges and agrees that he is not entitled to indemnification to compensate him for any such reduction, cancellation, forfeiture and/or recoupment of compensation under such Erroneously Awarded Compensation Policy and expressly waives any rights to such indemnification under the Company's organizational documents, under this Agreement, and/or any indemnification agreement between the Executive and the Company, or otherwise.

**(f) Erroneous Underpayment of Compensation.** With respect to any Incentive Based Compensation (as defined in the Erroneously Awarded Compensation Policy) granted to the Executive during the Term, if a Restatement (as defined in the Erroneously Awarded Compensation Policy) results in an applicable restated Financial Reporting Measure (as defined in the Erroneously Awarded Compensation Policy) being positively impacted (i.e., being increased rather than decreased), the Executive will be entitled to receive additional compensation in an amount equal to the difference between the amount of Incentive Based Compensation the Executive should have received (i.e., based on the restated Financial Reporting Measure) and the amount of Incentive Based Compensation the Executive received (i.e., based on the original, non-restated Financial Reporting Measure) (the "Additional Compensation"). The terms and conditions of any Additional Compensation (including, for example, the methodology for calculation of the amount of the Additional Compensation, and the



form of, and vesting and payment terms applicable to, the Additional Compensation) shall be determined by the Board or its Compensation Committee in its sole discretion in a manner consistent with the Erroneously Awarded Compensation Policy (to the extent applicable) and with any applicable plan, program and/or award agreement governing and/or evidencing such Incentive Based Compensation.

**4. Fringe Benefits.** The Executive shall be entitled to participate in any benefit programs adopted from time to time by the Company for the benefit of its senior executive officers, and the Executive shall be entitled to receive such other fringe benefits as may be granted to him from time to time by the Board.

**(a) Benefit Plans.** The Executive shall be entitled to participate in any benefit plans relating to equity-based compensation awards, pension, thrift, profit sharing, life insurance, medical coverage, education, deferred compensation, or other retirement or employee benefits available to senior executive officers of the Company, subject to any restrictions (including waiting periods) specified in such plans and/or related individual agreements. The Company shall make commercially reasonable efforts to obtain medical and disability insurance, and such other forms of insurance as the Board shall from time to time determine, for its senior executive officers.

**(b) Paid Time Off.** The Executive shall be entitled to paid time off each calendar year pursuant to the Company's policies applicable to senior executive officers of the Company, as in effect from time to time.

**5. Business Expenses.** The Company shall reimburse the Executive for any and all necessary, customary and usual expenses, properly receipted in accordance with Company policies, incurred by the Executive on behalf of the Company.

**6. Termination of Executive's Employment.**

**(a) Death.** If the Executive dies while employed by the Company, his employment shall immediately terminate. The Company's obligation to pay the Executive's Base Salary shall cease as of the date of the Executive's death, and any unpaid Base Salary shall be paid to the Executive's estate. In addition, (i) within fifteen (15) days of the Executive's death, the Company shall pay to the Executive's estate an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year of his death, and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive's beneficiaries or his estate shall receive

benefits in accordance with the Company's retirement, insurance and other applicable programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(a) shall apply, mutatis mutandis, to any such award(s).

**(b) Disability.** If, as a result of the Executive's incapacity due to physical or mental illness ("Disability"), the Executive shall have been unable to perform his duties to the Company for six (6) consecutive months, and, within thirty (30) days after written notice is provided to him by the Board, he shall not have resumed the performance of his duties, the Executive's employment under this Agreement may be terminated by the Company for Disability. During any period prior to such termination during which the Executive is unable to perform his duties to the Company due to Disability, the Company shall continue to pay the Executive his Base Salary at the rate in effect at the commencement of such period of Disability and any earned but unpaid annual bonus from a prior service year. Subsequent to such termination, the Executive's benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs. In addition, if such a termination for Disability occurs then (i) within fifteen (15) days of such termination, the Company shall pay to the Executive an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year in which his employment terminated and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive, the Executive's beneficiaries or his estate shall receive benefits in accordance with the Company's retirement, insurance and other applicable programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or

restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(b) shall apply, mutatis mutandis, to any such award(s). Notwithstanding the foregoing provisions of this Section 6(b), if such a termination for Disability occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management, and such termination constitutes a Separation from Service (as defined below), then such termination shall be treated for purposes of this Agreement as termination by the Company of the Executive's employment without Cause and as a "CIC Termination", as applicable, pursuant to and as set forth in Section 6(d) and Section 7 below, respectively, and the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth therein in lieu of the payments, vesting, consideration, and benefits set forth in this Section 6(b).

**(c) Termination By The Company For Cause.** The Company may terminate the Executive's employment under this Agreement for Cause, at any time prior to expiration of the Term of the Agreement; provided, however, that prior to any termination of employment for Cause, the Board must first provide written notice describing the reason for such termination of employment (and, with respect to subsections (iv), (v) and (vi) below, such notice may be provided on the same date as the termination date). For purposes of this Agreement, "Cause" shall mean:

(i) the Executive's material failure to substantially perform the reasonable and lawful duties of his position for the Company, including any habitual or repeated neglect of such duties, which failure has caused, or could reasonably be expected to cause, significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(ii) acts or omissions constituting gross negligence, recklessness or willful misconduct on the part of the Executive in respect of the performance of his duties hereunder, his fiduciary obligations or otherwise relating to the business of the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iii) unauthorized use or disclosure of trade secrets or confidential or proprietary information pertaining to Company business, which use or disclosure has caused, or could reasonably be expected to cause significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iv) acts or omissions constituting willful misconduct on the part of the Executive in respect of the performance of his fiduciary duty of loyalty to the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company;

(v) theft or embezzlement, or attempted theft or embezzlement, of money or tangible or intangible assets or property of the Company or its employees, customers, clients, or others having business relations with the Company;

(vi) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a non-vehicular felony, including, without limitation, a non-vehicular felony the elements of which involve fraud, dishonesty, or moral turpitude;

(vii) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a misdemeanor the elements of which involve fraud, dishonesty, or moral turpitude, and which is substantially related to the Executive's employment and duties to the Company; or

(viii) the Executive's commission of a crime the elements of which involve fraud, dishonesty, or moral turpitude, and which has caused, or could reasonably be expected to cause, material injury to the interests, property, operations, business or reputation of the Company.

In the event of a termination under this Section 6(c), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe

benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(d) Termination By The Company Without Cause.** The Company may terminate the Executive's employment hereunder at any time without Cause upon 30 days written notice to the Executive or pay in lieu thereof. In the event of a termination under this Section 6(d), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

**(e) Termination By The Executive For Good Reason.** The Executive shall have the right to terminate the Executive's employment under this Agreement for Good Reason, at any time prior to expiration of the Term of the Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence (without the Executive's express written consent that such occurrence does not constitute "Good Reason"), of any one or more of the following events:

**(i)** A material reduction in the Executive's responsibilities, title, duties or authority, including, without limitation, any of the following events, which are hereby deemed to have the effect of a material reduction in Executive's responsibilities, duties and authority: (A) the Executive ceasing to serve as the sole chief executive officer of a publicly traded company, reporting directly to the board of directors of such publicly traded company, (B) the Company entering into and consummating one or more agreements with one or more Third-Party External Management Companies (as defined below), which, when taken alone or together, provide for the external management of all or substantially all of the Company's assets and/or operations (an "Externalization of Management"), or (C) on or after a Change of Control, if as a result of such Change of Control, the Company becomes a subsidiary of another entity and the Executive is not appointed (or after appointment, ceases) to be the sole chief executive officer of the top-tier parent entity of the Company (or its successor), reporting directly to the board of directors of such top-tier parent entity; provided that, for the avoidance of doubt, (I) the appointment of the Executive to a top-tier parent entity that is not publicly traded does not eliminate the Executive's rights under sub-clause (A) above and (II) the appointment of the Executive to serve as, or the change in the Executive's title to, an "executive chairman" or in a similar role does not eliminate the Executive's rights under any of sub-clauses (A), (B) or (C) above;

**(ii)** A reduction in the Executive's Base Salary or in the Executive's Target Bonus or a material reduction by the Company in the value of the Executive's total compensation package (salary, bonus opportunity, equity incentive award opportunity and benefits) if such a reduction is not made in proportion to an across-the-board reduction for all senior executives of the Company (and for the avoidance of doubt, following a Change of Control, the reference to senior executives of the Company shall include, without limitation, all

senior executives of any top tier parent entity of any acquiror of and/or successor to Redwood Trust, Inc.);

(iii) The relocation of the Executive's principal Company office to a location not within the area of Marin County, California (commonly referred to as the "Highway 101 Corridor"), except for required travel away from the Executive's principal Company office on the Company's business to the extent necessary to fulfill the Executive's obligations under Section 1 (provided that any such travel explicitly required by the Company may not exceed thirty (30) days during any calendar year);

(iv) A failure by the Company at any time to renew this Agreement for successive one-year periods pursuant to Section 2;

(v) The complete liquidation of the Company; or

(vi) In the event of a merger, consolidation, transfer, or closing of a sale of all or substantially all the assets of the Company with or to any other individual or entity, the failure of the Company's successor to affirmatively adopt this Agreement (no later than the closing of the applicable transaction) or to otherwise comply with its obligations pursuant to Section 13 below.

Notwithstanding the foregoing, at any time prior to a Change of Control, the Executive will not be deemed to have resigned for Good Reason for purposes of subclause (i) unless (1) the Executive provides the Board with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason (the "Good Reason Notice") within one hundred twenty (120) days after the date of the occurrence of any event that the Executive knows to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice or prior to a Change of Control, whichever shall occur earlier, and (3) the effective date of the Executive's termination for Good Reason occurs no later than thirty (30) days after the expiration of the Company's cure period; provided, however, that if the Executive reasonably believes that circumstances constituting "Good Reason" for the Executive to terminate his/her employment under this Agreement will exist immediately following a Change of Control or Externalization of Management, then the Executive may provide the Company with a Good Reason Notice no later than five (5) business days prior to the consummation of such Change of Control or Externalization of Management (and in such event the Company shall not be entitled to a period to cure) and the Executive's resignation for Good Reason, if accepted by the Board, shall be deemed effective and binding on the Company (and any successor thereto) as of such time as may be determined by the Board (provided that any such effective time shall not be earlier than

immediately following the consummation of the Change of Control or Externalization of Management). Following a Change of Control or Externalization of Management, in order to resign for Good Reason, the Executive must provide a Good Reason Notice, but the Company shall not be entitled to a cure period. In addition, following a Change of Control, the determination of whether to accept the Executive's resignation for Good Reason shall be determined by the "Review Committee" as set forth in sub-section (g) below.

In the event of a termination under this Section 6(e), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

For purposes of this Agreement, "Third-Party External Management Company" is defined as follows: an entity engaged to externally manage some or all of the Company's assets and/or operations that is not (i) a majority-owned subsidiary of the Company or otherwise controlled by the Company, (ii) owned, in whole or in part, by the Executive or otherwise controlled by the Executive or (iii) an entity for which the Executive serves as a director or officer (or for which the Executive otherwise acts as a manager or fiduciary).

**(f) Termination By The Executive Without Good Reason.** The Executive may at any time during the Term terminate his employment hereunder for any reason or no reason by giving the Company notice in writing not less than sixty (60) days in advance of such termination. The Executive shall have no further obligations to the Company after the effective date of termination, as set forth in the notice. In the event of a termination by the Executive under this Section 6(f), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(g) Administration of Agreement Upon Change of Control.** Notwithstanding anything herein to the contrary, in the event of a Change of Control, prior to and in any event not later than ten (10) days before the consummation of such Change of Control, the Company may designate a committee of two or more members of the Board as constituted immediately prior to the Change of Control (the "Review Committee") for the purpose of making any determination as to whether, solely for purposes of this Agreement, Executive's employment is terminated with or without Cause or if Executive's resignation is with or without Good Reason; provided that, in any Change of Control in which two or more members of the Board as constituted immediately prior to the Change of Control shall continue to act as members of the Board of the Company (or act as members of the board of directors or board of trustees (or otherwise as fiduciaries)) of any successor or parent entity of the Company) following such Change of Control, the Company shall be required to designate such a Review Committee. For the avoidance of doubt, any such Review Committee shall have the sole authority and responsibility to review, and be authorized

to accept, in its sole discretion, any Good Reason Notice submitted by the Executive pursuant to Section 6 during the 24-month period following a Change of Control.

**7. Compensation Upon Termination By the Company without Cause or By The Executive for Good Reason.**

(a) If the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason, the Executive shall be entitled to the following payments, vesting, consideration, and benefits:

(i) **Payment of Unpaid Base Salary.** The Company shall immediately pay the Executive any portion of the Executive's Base Salary through the date of termination or previously awarded bonus not paid prior to the termination date.

**(ii) Severance Payment.**

(A) In the event such termination is not a CIC Termination (as defined below), then the Company shall provide the Executive (x) an amount equal to one and one-half (1.5) times the sum of (i) Executive's Annual Base Salary as in effect immediately prior to his termination and (ii) Executive's Target Bonus in effect immediately prior to his termination and (y) an amount equal to the Executive's Target Bonus in effect immediately prior to his termination, pro-rated for the number of days of employment completed by the Executive during the year in which his employment is terminated.

(B) In the event such termination of employment occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management (a "CIC Termination"), then instead of providing the payments in Section 7(a)(ii)(A), the Company shall provide the Executive an amount equal to the sum of (x) the Executive's Target Bonus in effect immediately prior to his termination, prorated for the number of days of employment completed by the Executive during the year in which his employment terminated; (y) two (2) times the Executive's Annual Base Salary as in effect immediately prior to his termination; and (z) two (2) times the Executive's Target Bonus in effect immediately prior to his termination. Notwithstanding the foregoing, the maximum aggregate amount that the Company shall pay to the Executive pursuant to this Section 7(a)(ii)(B) is \$7,500,000.

(iii) **Equity Awards.** All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than two



years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Company without Cause, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable or exercisable based on (x) the performance goals set forth in the applicable award agreement by which such awards are evidenced and (y) a reduced number of target shares adjusted on a pro-rata basis to reflect the number of days of employment completed during the applicable vesting period in which termination occurs, with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Executive for Good Reason, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 7(a)(iii) shall apply, mutatis mutandis, to any such award(s).

**(iv) Continuation of Fringe Benefits.** For a period of up to eighteen (18) months (or, in the event of a CIC Termination, twenty-four (24) months) following the date of the Executive's termination of employment with Company, subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder, the Company shall continue to provide the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Employee's elections in effect on the date of termination (the "Continued Coverage"), provided that (1) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A of the Code under Treasury Regulation Section 1.409A-1(a)(5), or (2) the Company is otherwise unable to continue to cover the Executive under its group health plans without penalty under applicable law (including without limitation, Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), the Company may in its sole discretion provide that (i) the

Executive shall pay to the Company, on an after-tax basis, a monthly amount equal to the full premium cost of the Continued Coverage for such month and (ii) within 30 days of such premium payment, the Company shall reimburse the Executive in cash (less required withholding) an amount equal to the sum of (A) the excess of (x) the full premium cost of the Continued Coverage for such month over (y) any premium amount that would have been payable by the Executive if the Executive had been actively employed by the Company for such month and (B) an additional cash amount equal to the aggregate imputed or imposed federal, state and local taxes on any such amount in subclause (A), plus any taxes imposed on such cash amount, so that the Executive on an after-tax basis is in the same position as if there had been no imputation or imposition of income on the Executive. For the eighteen (18) month (or, in the event of a CIC Termination, twenty-four (24) month) period following the termination of the Executive's employment, the Company shall also continue to provide the Executive with all life insurance, disability insurance and other fringe benefits set forth in Section 4 as if the Executive's employment under the Agreement had not been terminated; provided, however, that such life insurance, disability insurance and other fringe benefits shall cease as of the date the Executive receives such coverage from a subsequent employer.

**(v) Payment/Benefit Limitation.** If any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive receives or is entitled to receive from the Company or any of its subsidiaries, affiliates or related entities, would (if paid or provided) constitute an "excess parachute payment" for purposes of Section 280G of the Code, the amounts otherwise payable and benefits otherwise due under this Agreement will either (i) be delivered in full, or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code (and therefore, no portion thereof will be subject to the excise tax imposed under Section 4999 of the Code), whichever of the foregoing amounts, taking into account applicable federal, state and local income and employment taxes and the excise tax imposed under Section 4999 of the Code, results in the receipt by the Executive, on an after-tax basis, of the greatest amount of payments and benefits, notwithstanding that all or some portion of such payments and/or benefits may be subject to the excise tax imposed under Section 4999 of the Code. Unless otherwise specified in writing by the Executive, in the event that the payments and/or benefits are to be reduced pursuant to this Section 7(a)(v), such payments and benefits shall be reduced such that the reduction of cash compensation to be provided to the Executive as a result of this Section 7 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All determinations required to be made under this Section 7(a)(v) shall be made by the Company's independent public

accounting firm (or such other nationally recognized public accounting firm as may be selected by the Company and to which selection the Executive consents (such consent not to be unreasonably withheld)) which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a payment or benefit subject to this Section 7(a)(v), or such earlier time as is requested by the Company.

**(b) No Mitigation Required; No Other Entitlement To Benefits Under Agreement.** The Executive shall not be required in any way to mitigate the amount of any payment provided for in this Section 7, including, without limitation, by seeking other employment, nor shall the amount of any payment provided for in this Section 7 be reduced by any compensation earned by the Executive as the result of employment with another employer after the termination date of employment, or otherwise. Except as set forth in this Section 7, following a termination governed by this Section 7, the Executive shall not be entitled to any other compensation or benefits set forth in this Agreement, except as may be separately negotiated by the parties and approved the Board in writing in conjunction with the termination of the Executive's employment under this Section 7.

**(c) Release Agreement.** (i) As a condition of receiving any of the payments, vesting, consideration and benefits set forth in this Section 7 (other than the payment provided for in sub-section 7(a)(i)) at any time prior to a Change of Control, the Executive shall be required to execute a mutual release agreement substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and such release agreement must have become effective in accordance with its terms within 60 days following the termination date (which form of mutual release agreement the Company, in its sole discretion, may modify to comply with applicable law, and which form of mutual release agreement may be incorporated into a termination agreement or other agreement with the Executive).

(ii) With respect to the Executive's receipt of any of the payments, vesting, consideration and benefits set forth in this Section 7 at the time of, or following, a Change of Control or Externalization of Management, the Executive shall not be required to execute any type of release or general release agreement in favor of the Company; provided that, in connection with any termination of the Executive's employment by the Company without "Cause" or any termination of the Executive's employment by the Executive for "Good Reason", the Executive has the option to require the Company to enter into and execute a mutual release agreement with the Executive substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and, if so required by the Executive, the Company and the Executive agree that such release agreement must be executed and have become effective in accordance with its terms within 60 days following the termination date.

**(d) Timing of Severance Payments.** Notwithstanding any other provision of this Agreement, all severance payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable in an amount equal to 75% of such payments on the date that is six months after the termination date, and the remaining 25% shall be payable in six equal monthly installments beginning on the date that is seven months after the termination date and continuing on the same date of each of the five months thereafter.

**(e) Timing of Bonus Payments.** Notwithstanding any other provision of this Agreement, all bonus payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable on the date that is six months after the termination date.

**8. Disputes Relating To Executive's Termination of Employment For Good Reason.** If the Executive resigns his employment with the Company alleging in good faith as the basis for such resignation "Good Reason" as defined in Section 6(e), and if the Company then disputes the Executive's right to the payments, vesting, consideration, and benefits provided for under Section 7, the Company shall continue to pay the Executive the full compensation (including, without limitation, his Base Salary, annual bonus and equity-based long-term incentive awards) in effect at the date the Executive provided written notice of such resignation, and the Company shall continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was then a participant, and provide continuing vesting for any compensation, award or benefit with a vesting condition, until the date the dispute is finally resolved, either by mutual written agreement of the parties or by application of the provisions of Section 11. For the purposes of this Section 8, the Company shall bear the burden of proving that the grounds for the Executive's resignation do not fall within the scope of Section 6(e), and there shall be a rebuttable presumption that the Executive alleged such grounds in good faith.

#### **9. Restrictive Covenant Provisions.**

**(a) Noncompetition.** The Executive agrees that during the Term prior to any termination of his employment hereunder, he will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, manage, operate, join, control, participate in, or be connected as a stockholder (other than as a holder of shares publicly traded on a stock exchange or the NASDAQ National Market System), partner, or other equity holder with, or as an officer, director or employee of, any real estate or mortgage investment organization whose business strategy is competitive with that of the Company, as determined by a majority of the non-employee members of the Board. It is further expressly agreed that the Company will or would suffer irreparable injury if the Executive were to compete with the Company or any subsidiary or affiliate of the Company in violation of this Agreement and that the Company would by reason of such competition be entitled to injunctive relief in a court of

appropriate jurisdiction, and the Executive further consents and stipulates to the entry of such injunctive relief in such a court prohibiting the Executive from competing with the Company or any subsidiary or affiliate of the Company, in the areas of business set forth above, in violation of this Agreement.

**(b) Duty To Avoid Conflict Of Interest.** During his employment by the Company, the Executive agrees not to engage or participate in, directly or indirectly, any activities in conflict with the best interests of the Company. The Company shall be the final decision-maker with regard to any conflict of interest issue.

**(c) Right To Company Materials.** The Executive agrees that all styles, designs, lists, materials, books, files, reports, correspondence, records, and other documents (“Company Materials”) used, prepared, or made available to the Executive shall be and shall remain the property of the Company. Upon the termination of employment or the expiration of this Agreement, the Executive shall immediately return to the Company all Company Materials, and the Executive shall not make or retain any copies thereof.

**(d) Nonsolicitation.** The Executive agrees that during the Term prior to any termination of his employment hereunder, he will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, solicit any of the Company’s employees to work for any competing real estate or mortgage investment organization as determined under Section 9(a).

**(e) Confidential And Proprietary Information.**

**(1)** It is hereby acknowledged that the Executive has and shall gain knowledge of trade secrets and confidential information owned by or related to the Company and/or its affiliates including but not limited to the following: (i) the names, lists, buying habits and practices of customers, clients or vendors, (ii) marketing and related information, (iii) relationships with the persons or entities with whom or with which the Company has contracted, (iv) their products, designs, software, developments, improvements and methods of operation, (v) financial condition, profit performance and financial requirements, (vi) the compensation paid to employees, (vii) business plans and the information contained therein, and (viii) all other confidential information of, about or concerning the Company, the manner of operation of the Company and other confidential data of any kind, nature or description relating to the Company (collectively, the “Confidential Information”). Confidential Information does not include information which (A) is or becomes generally available to the public other than as a result of a disclosure by the Executive; or (B) becomes available to the Executive on a non-confidential basis after the termination or expiration of the Executive’s obligations under this Agreement from a source other than the Company, provided that such source is not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of

confidentiality to the Company or any other party with respect to such information; or (C) is independently developed after the termination or expiration of the Executive's obligations under this agreement without reference to the Confidential Information, provided such independent development can reasonably be proven by the Executive by written records.

(2) The parties hereby acknowledge that the Confidential Information constitutes important, unique, material and confidential trade secrets which affect the successful activities of the Company, and constitute a substantial part of the assets and goodwill of the Company. In view of the foregoing, the Executive agrees that he will not at any time whether during or after the term of this Agreement, except as required in the course of the Executive's employment by Company and at its direction and for its sole benefit, in any fashion, form or manner, directly or indirectly (i) use or divulge, disclose, communicate or provide or permit access to any person, firm, partnership, corporation or other entity, any Confidential Information of any kind, nature or description, or (ii) remove from Company's premises any notes or records relating thereto, or copies or facsimiles thereof (whether made by electronic, electrical, magnetic, optical, laser, acoustic or other means).

(3) Promptly upon the request of Company, and immediately upon the termination of the Executive's employment, the Executive shall not transfer to any third person and shall deliver to Company all Confidential Information, and other property belonging to the Company, including all copies thereof, in the possession or under the control of the Executive.

(4) The Executive represents that the performance of all the terms of this Agreement will not conflict with, and will not breach, any other invention assignment agreement, confidentiality agreement, employment agreement or non-competition agreement to which the Executive is or has been a party. To the extent that the Executive has confidential information or materials of any former employer, the Executive acknowledges that the Company has directed the Executive to not disclose such confidential information or materials to the Company or any of its employees, and that the Company prohibits the Executive from using said confidential information or materials in any work that the Executive may perform for the Company. The Executive agrees that the Executive will not bring with the Executive to the Company, and will not use or disclose any confidential, proprietary information, or trade secrets acquired by the Executive prior to his employment with the Company. The Executive will not disclose to the Company or any of its employees, or induce the Company or any of its employees to use, any confidential or proprietary information or material belonging to any previous employers or others, nor will the Executive bring to the Company or use in connection with the Executive's work for the Company copies of any software, computer files, or any other copyrighted or trademarked materials except those owned by or licensed to the Company. The Executive represents that he is not a party to any other agreement that will interfere with his full compliance

with this Agreement. The Executive further agrees not to enter into any agreement, whether written or oral, in conflict with the provisions of this Agreement.

**(5)** Notwithstanding the generality of the foregoing, nothing in this Agreement is intended to prohibit the Executive from filing a charge with, reporting possible violations to, or participating or cooperating with the Securities and Exchange Commission or any other federal, state or local regulatory body or law enforcement agency, including in relation to any whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation. Pursuant to 18 U.S.C. Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

**(f) Inventions.** Any and all inventions, discoveries or improvements that the Executive has conceived or made or may conceive or make during the period of employment relating to or in any way pertaining to or connected with the systems, products, computer programs, software, apparatus or methods employed, manufactured or constructed by the Company or to systems, products, apparatus or methods with respect to which the Company engages in, requests or anticipates research or development, shall be promptly and fully disclosed and described by the Executive to the Company and shall be the sole and exclusive property of the Company, and the Executive shall assign, and hereby does assign, to the Company, the Executive's entire right, title and interest in and to all such inventions, discoveries or improvements as well as any modifications or improvements thereto that may be made.

The obligations outlined in this Section 9(f) do not apply to any invention that qualifies fully under California Labor Code Section 2870 (a copy of which is attached hereto as Exhibit C) or to any rights the Executive may have acquired in connection with an invention, discovery or improvement that was developed entirely on the Executive's own time for which no equipment, supplies, facilities or trade secret information of the Company was used and (a) that does not relate directly or indirectly to the business of the Company or to the Company's actual or demonstrable anticipated research or development, or (b) that does not result from any work performed by the Executive for the Company.

**(g) [RESERVED]**

**(h) Breach.** It is expressly agreed that each breach of this Section 9 is a distinct and material breach of this Agreement and that solely a monetary remedy would be inadequate,

impracticable and extremely difficult to prove, and that each such breach would cause the Company irreparable harm. It is further agreed that, in addition to any and all remedies available at law or equity (including money damages), either party shall be entitled to temporary and permanent injunctive relief to enforce the provisions of this Section, without the necessity of proving actual damages. It is further agreed that either party shall be entitled to seek such equitable relief in any forum, including a court of law, notwithstanding the provisions of Section 11. Either party may pursue any of the remedies described herein concurrently or consecutively in any order as to any such breach or violation, and the pursuit of one of such remedies at any time will not be deemed an election of remedies or waiver of the right to pursue any of the other such remedies.

**(i) Unenforceability.** Should any portion of this Section 9 be deemed unenforceable because of its scope, duration or effect, and only in such event, then the parties expressly consent and agree to such limitation on scope, duration or effect as may be finally adjudicated as enforceable, to give this Section 9 its maximum permissible scope, duration and effect.

**10. Notices.** All notices and other communications under this Agreement shall be in writing and shall be given by fax or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three (3) days after mailing or twenty-four (24) hours after transmission of a fax to the respective persons named below:

If to the Company: Redwood Trust, Inc.  
Attn: Chief Legal Officer  
One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373  
Fax: (415) 381-1773

If to the Executive: Christopher J. Abate  
c/o Redwood Trust, Inc.  
One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373  
Fax: (415) 381-1773

Either party may change such party's address for notices by notice duly given pursuant hereto.

**11. Resolution of Disputes.** To ensure the rapid and economical resolution of disputes that may arise in connection with the Executive's employment with the Company, the Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity,



arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, the Executive's employment, or the termination of the Executive's employment ("Arbitrable Claims") shall be submitted to confidential mediation in San Francisco, California conducted by a mutually agreeable mediator from Judicial Arbitration and Mediation Services ("JAMS") or its successor under the JAMS Rules of Practice and Procedure then in effect, which can be found at [www.jamsadr.com/adr-rules-procedures](http://www.jamsadr.com/adr-rules-procedures). The cost of all JAMS' mediation fees shall be paid by the Company. In the event that mediation is unsuccessful in resolving the Arbitrable Claims, the Arbitrable Claims shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Francisco, California conducted by JAMS or its successor, under the then applicable rules of JAMS.

**The Executive and the Company each acknowledge that by agreeing to this arbitration procedure, both the Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.**

The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that the Executive or the Company would be entitled to seek in a court of law. With respect to attorney's fees, the arbitrator shall award to the Executive his attorneys' fees based on a determination of the extent to which the Executive has prevailed as to the material issues raised in determination of the dispute (and, for the avoidance of doubt, regardless of the extent to which the Company has prevailed as to the material issues raised in determination of the dispute, the arbitrator is not authorized to award to the Company any portion of its attorney's fees); and, moreover, to the extent the Executive prevails as to substantially all of the material issues raised in determination of the dispute, the arbitrator shall award to the Executive all of his attorneys' fees. The Company shall pay all JAMS' arbitration fees. Nothing in this Agreement is intended to prevent either the Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such mediation or arbitration.

**12. Advancement of Executive's Legal Fees.** In connection with the resolution of any dispute in accordance with Section 11, the Company shall advance to the Executive all reasonable attorneys' fees of the Executive as they are incurred and reasonably documented by the Executive in respect of any mediation, arbitration or litigation related thereto. The Executive shall not be required to reimburse the Company for any such advances of attorney's fees until a final determination is made with respect to such dispute and, then, the Executive's obligation to repay any such advances shall, (i) in the context of mediation or arbitration, be subject to an affirmative determination of the mediator or arbitrator that the Executive is obligated to repay

such advances and (ii) in the context any litigation, be subject to the condition that substantially all of the material issues raised in such litigation have been resolved by a final (non-appealable) judgement in favor of the Company.

**13. Assignment; Successors.** This Agreement is personal in its nature, and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that, in the event of the merger, consolidation, transfer, or sale of all or substantially all of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

**14. Governing Law.** This Agreement and the legal relations thus created between the parties hereto shall be governed by and construed under and in accordance with the laws of the State of California.

**15. Entire Agreement; Headings.** This Agreement embodies the entire agreement of the parties with respect to the subject matter hereof and supersedes in their entirety all other or prior agreements, whether oral or written, with respect thereto, including but not limited to the Prior Agreement, but excluding the plans, programs and equity award agreements under which compensation and benefits are provided pursuant to Sections 3 and 4 hereof (and, to the extent such plans, programs and/or equity award agreements contain more favorable terms, such terms shall continue to apply). Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

**16. Waiver; Modification.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

**17. Severability.** In the event that a court of competent jurisdiction determines that any portion of this Agreement is in violation of any statute or public policy, only the portions of this Agreement that violate such statute or public policy shall be stricken. All portions of this Agreement that do not violate any statute or public policy shall continue in full force and effect. Further, any court order striking any portion of this Agreement shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties under this Agreement.

**18. Indemnification.** The Company shall indemnify and hold Executive harmless to the maximum extent permitted by Section 2-418 of the Maryland General Corporations Law or its successor statute, or if greater, by the Company's Bylaws, by any applicable resolution of the Board or by the terms providing the most extensive indemnification contained in any written agreement between the Company and any director or officer of the Company. The Company shall make Executive a named beneficiary under all director and officer liability policies maintained by the Company from time to time for the benefit of its directors and officers, entitled to all benefits provided thereunder to persons serving in a comparable role as an officer of the Company. During the Term and for a term of six years thereafter, the Company shall purchase and maintain, at its own expense, directors and officers liability insurance providing coverage for Executive in respect of acts and omissions of the Executive in his capacity as such and occurring during Executive's employment.

**19. Section 409A.** Any payments under this Agreement subject to Section 409A of the Code that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as a termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits shall be paid to the Executive during the six (6)-month period following the Executive's "separation from service" from the Company (within the meaning of Section 409A of the Code, a "Separation from Service") if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period. Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this

Agreement may only be made upon the Executive's "separation from service" from the Company.

**20. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

**21. Successor Sections.** References herein to sections or rules of the Code shall be deemed to include any successor sections or rules.

*[Signature Page Follows]*



**EXHIBIT A**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Christopher J. Abate (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and his heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement.

This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be

construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with,

Section 18 of the Executive's Seventh Amended and Restated Employment Agreement with the Company (the "Employment Agreement"), the Company's bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company's payment obligations under Section 7 of the Employment Agreement, as well as the Company's other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive's vested equity awards and other awards, or (v) claims relating to or arising out of the Executive's fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under his Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not to do so); (C) Executive has twenty-one (21) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; and (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party's release of any claims hereunder.



Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.

(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii)

made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Christopher J. Abate

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Christopher J. Abate (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and his heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement. This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and Restated Employment Agreement with the Company(the “Employment Agreement”), the Company’s bylaws or binding resolutions, or applicable law or pursuant to,

and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company's payment obligations under Section 7 of the Employment Agreement, as well as the Company's other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive's vested equity awards and other awards, or (v) claims relating to or arising out of the Executive's fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under his Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not to do so); (C) Executive has forty-five (45) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement; and (F) Executive has received with this Release Agreement a detailed list of the job titles and ages of all employees who were terminated in this group termination and the ages of all employees of the Company in the same job classification or organizational unit who were not terminated.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party's release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.

(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii)

made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Christopher J. Abate

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT C**  
**Section 2870 of California Labor Code**

Section 2870 of California Labor Code: Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a. Any provision and employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities or trade secret information except for those inventions that either:

1. Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
2. Result from any work performed by the employee for the employer.

b. To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

## EXHIBIT D

### DEFINITION OF “CHANGE OF CONTROL”

*With respect to (i) equity-based or equity-related awards granted prior to November 6, 2020 and (ii) long-term incentive and/or retention compensation awards that are payable in cash granted prior to November 6, 2020, the following definition of Change of Control shall apply:*

“Change of Control” refers to the occurrence of any of the following:

(1) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires ownership of stock of the Company that, together with other stock held by such person or group constitutes more than 50 percent of the total fair market value or total voting power of all stock of the Company; or

(2) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30 percent or more of the total voting power of the stock of the Company; or

(3) during any 12-month period, a majority of the members of the Company’s board of directors is replaced by directors whose appointment or election is not endorsed by a majority of the members of the Company’s board of directors prior to such appointment or election; or

(4) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisition; provided, that that no change of control shall be deemed to occur when the assets are transferred to:

(x) a shareholder of the Company in exchange for or with respect to its stock,

(y) a person, or more than one person acting as a group (within the meaning of Section 409A of the Code), that owns, directly or indirectly, 50

percent or more of the total value or voting power of all of the outstanding stock of the Company, or

(z) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person that owns directly or indirectly 50 percent or more of the total value or voting power of all of the outstanding stock of the Company, in each case with such persons status determined immediately after the transfer of assets.”

*With respect to (i) equity-based or equity-related awards granted on or following November 6, 2020 and (ii) long-term incentive and/or retention compensation awards that are payable in cash granted on or following November 6, 2020, the following definition of Change of Control shall apply:*

“Change of Control” refers to the occurrence of any of the following:

(a) A transaction or series of transactions (other than an offering of common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 30% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c) of this definition) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(a) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(b) after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 30% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction."

## EXHIBIT E

### COPY OF REDWOOD TRUST, INC.'S POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The Board of Directors (the “*Board*”) of Redwood Trust, Inc. (the “*Company*”) has adopted this Policy for Recovery of Erroneously Awarded Compensation (the “*Policy*”), effective as of October 2, 2023 (the “*Effective Date*”). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

#### 1. Persons Subject to Policy

This Policy shall apply to current and former Designated Officers of the Company.

#### 2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is “received” shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is “received” in the Company’s fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

#### 3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Designated Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person’s right to voluntarily terminate employment for “good reason,” or due to a “constructive termination” (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

#### 4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation, Erroneously Awarded Compensation or time-vesting equity or cash awards, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other

compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

#### **5. Administration**

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the “Committee” shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders or stockholders, and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, or to third-party agents of the Company, as permitted under applicable law, including any Applicable Rules.

#### **6. Interpretation**

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

#### **7. No Indemnification; No Liability**

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person’s potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

#### **8. Application; Enforceability**

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to (but without duplication of), any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based or cash-based plan or award agreement

thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the “*Other Recovery Arrangements*”). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

#### **9. Severability**

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

#### **10. Amendment and Termination**

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

#### **11. Definitions**

“*Applicable Rules*” means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company’s securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company’s securities are listed.

“*Committee*” means the Compensation Committee of the Board, for so long as it is comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee or such independence, a majority of the independent directors (or as determined under the Applicable Rules) serving on the Board.

“*Designated Officer*” means each designated person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

“*Erroneously Awarded Compensation*” means the amount of Incentive-Based Compensation received by a current or former Designated Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Designated Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Reporting Measure*” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements,

and any measures derived wholly or in part from such measures, including GAAP and non-GAAP financial measures, as well as stock or share price and total equityholder or stockholder return.

“**GAAP**” means United States generally accepted accounting principles.

“**Impracticable**” means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempt(s) to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association or (b) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“**Incentive-Based Compensation**” means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as a Designated Officer; (b) who served as a Designated Officer at any time during the performance period for that compensation; (c) while the Company has a class of securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“**Restatement**” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Three-Year Period**” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.



**SEVENTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This Seventh Amended and Restated Employment Agreement (“Agreement”), effective as of August 6, 2024 (the “Effective Date”), is entered into by and between **Dashiell I. Robinson** (the “Executive”) and **Redwood Trust, Inc.**, a Maryland corporation (the “Company”), and amends and restates in its entirety that certain Sixth Amended and Restated Employment Agreement by and between the Executive and the Company dated November 3, 2023 (the “Prior Agreement”).

The Company desires to establish its right to the continued services of the Executive, in the capacity, on the terms and conditions, and subject to the rights of termination hereinafter set forth, and the Executive is willing to accept such continued employment in such capacity, on such terms and conditions, and subject to such rights of termination.

In consideration of the mutual agreements hereinafter set forth, the Executive and the Company have agreed and do hereby agree as follows:

**1. Employment and Responsibilities.** During the Term, the Executive shall serve as the sole President of the Company, reporting to the Chief Executive Officer of the Company, with responsibilities, duties and authority customary for such position, including, without limitation, business and strategic development and implementation, as well as direct management and oversight of, without limitation, the following officers of Company: head(s) of residential mortgage business division; and head(s) of business purpose lending division. The Executive does hereby accept and agree to such continued employment. The Chief Executive Officer may, from time to time, in his sole discretion, modify, reassign and/or augment the Executive’s responsibilities, subject to prior approval by the Board of Directors of the Company (the “Board”), and any such modification, reassignment and/or augmentation shall be deemed a waiver by the Executive of his rights under Section 6(e)(i) hereof only with his express prior written consent. Any such modification, reassignment or augmentation of responsibilities shall be in writing. The Executive shall devote such time, energy and skill to the performance of his duties for the Company and for the benefit of the Company as may be necessary or required for the effective conduct and operation of the Company’s business.

**2. Term of Agreement.** The term of this Agreement (the “Term”) shall commence on the Effective Date and shall continue through December 31, 2024; provided, however, that (i) on January 1, 2025 and each succeeding January 1, the Term shall automatically be extended for one additional year unless, not later than three months prior to any such January 1, either party

shall have given written notice to the other that it does not wish to extend the Term and (ii) such one year extensions of the Term shall not occur on and after the January 1 of the year in which the Executive will attain age sixty-five (65) but instead the Term shall be extended only until the date of the Executive's sixty-fifth (65th) birthday.

### **3. Compensation.**

**(a) Base Salary.** The Company shall pay the Executive, and the Executive agrees to accept from the Company, in payment for his services to the Company a base salary (the "Base Salary") at the rate of not less than \$875,000 per year, paid in accordance with the customary payroll practices of the Company subject to annual review and increase by the Board in its sole discretion (or by the Board's separately designated Compensation Committee in its sole discretion). For the avoidance of doubt, references to the Board in this Section 3 shall include the Board's separately designated Compensation Committee.

**(b) Performance Bonus.** The Executive shall be eligible to receive an annual bonus. The Board in its discretion will determine whether such annual bonus will be paid, the amount of such bonus and its form of payment. The Executive's target annual bonus amount is 195% of his Base Salary or such greater amount as may subsequently be established by the Board (the "Target Bonus"). During the first ninety (90) days of each calendar year, the Board, in consultation with the Chief Executive Officer, shall establish the performance goals applicable to such year's annual bonus opportunity, as well as the framework for awarding an annual bonus that is higher or lesser than the Target Bonus. Such criteria shall be established by the Board, after consultation with the Executive, and pursuant to a process that is consistent with past practice. If the Board determines in its discretion that the Executive's performance meets or exceeds the criteria established by the Board for the award of a Target Bonus, the Board may award the Executive the Target Bonus or a higher amount. Likewise, if the Board determines in its discretion that the Executive's performance does not meet said criteria, the Board may award a lesser amount, or no bonus may be awarded. Unless otherwise provided in this Agreement, the Executive's eligibility to receive any bonus under this paragraph shall be expressly conditioned on, among other things, the Executive remaining employed with the Company up through any designated distribution date set by the Board.

Notwithstanding the foregoing paragraph, in the event of a "Change of Control" (as defined in Exhibit D attached hereto) or an Externalization of Management (as defined in herein), immediately prior to such Change of Control or Externalization of Management the Company shall be obligated to pay the Executive: (A) when such Change of Control or Externalization of Management occurs during a calendar year in respect of which no annual bonus has yet been paid, a pro-rated annual bonus for such calendar year, based on the number of days in such calendar year prior to the Change of Control or Externalization of Management; and (B) when such Change of Control or Externalization of Management occurs

after the conclusion of a calendar year in respect of which no annual bonus has yet been paid (i.e., such Change of Control or Externalization of Management occurs after December 31st, but before the designated payment date for the annual bonus in respect of such completed calendar year), an annual bonus for such completed calendar year. In the case of both of the preceding clauses (A) and (B), such amounts shall each be separately subject to any cap on Executive's annual bonus previously established by the Board (or any committee thereof) and shall each be determined in accordance with the criteria most recently designated by the Board (or any committee thereof) for the determination of such amounts, as follows: (I) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the financial performance of the Company with respect to a calendar year, shall be paid in amounts based on the attainment of such criteria (on an annualized basis, if in respect of less than a full calendar year), through the date immediately prior to such Change of Control or Externalization of Management (or, as applicable, through the end of any such completed calendar year) and in accordance with the methodology previously approved by the Board (or any committee thereof) for payment of such amounts of annual bonus (i.e., an amount at, higher, or lower than the target amounts for such portions of annual bonus); and (II) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the individual performance of the Executive, shall be paid in amounts equal to the target amount of such portion of the Executive's annual bonus.

**(c) Equity Incentive Awards.** The Executive shall be eligible to receive grants of equity-based long-term incentive awards, which may include options to purchase Company stock, performance or restricted stock units and Company restricted stock contributions to Company's deferred compensation plan, or other equity-based awards. Such awards shall be determined in the discretion of the Board and the Executive shall be eligible for consideration for such awards in the same manner as other senior executive officers of the Company. In the event of a Change of Control in which the surviving or acquiring corporation does not assume the Executive's outstanding equity-related awards (including options and equity-based awards granted both before and after the Effective Date) or substitute similar equity-related awards of substantially equivalent value, such equity-related awards shall immediately vest and become exercisable if the Executive's service with the Company has not terminated before the effective date of the Change of Control; provided, however, that the foregoing provision shall only apply if the Company is not the surviving corporation or if shares of the Company's common stock are converted into or exchanged for other securities or cash.

**(d) Annual Review.** The Executive's performance shall be reviewed periodically. The performance evaluations shall consider and assess the Executive's

performance of his duties and responsibilities, the accomplishment of established performance objectives, and/or other factors or criteria that the Board, in its sole discretion, may deem relevant. The frequency of performance evaluations may vary depending upon, among other things, length of service, past performance, changes in job duties or performance levels, but generally would occur on an annual basis. The Board shall, at least annually, review the Executive's entire compensation package to determine whether it continues to meet the Company's compensation objectives. Such annual review will include a determination of (i) whether to increase the Base Salary in accordance with Section 3(a); (ii) the incentive performance bonus to be awarded in accordance with Section 3(b); and (iii) the amount and type of any equity awards granted in accordance with Section 3(c). Salary increases and incentive bonus awards are solely within the discretion of the Board and may depend upon many factors other than the Executive's performance.

**(e) Acknowledgement of Company's Policy for Recovery of Erroneously Awarded Compensation.** A copy of the Company's Policy for Recovery of Erroneously Awarded Compensation (the "Erroneously Awarded Compensation Policy") is attached as Exhibit E hereto. The Executive hereby acknowledges such Erroneously Awarded Compensation Policy and agrees to the terms thereof and understands that compensation received by the Executive may be subject to reduction, cancellation, forfeiture and/or recoupment in accordance with, and to the extent necessary, for the Company to comply with the Erroneously Awarded Compensation Policy, notwithstanding any other agreement to the contrary. The Executive further acknowledges and agrees that he is not entitled to indemnification to compensate him for any such reduction, cancellation, forfeiture and/or recoupment of compensation under such Erroneously Awarded Compensation Policy and expressly waives any rights to such indemnification under the Company's organizational documents, under this Agreement, and/or any indemnification agreement between the Executive and the Company, or otherwise.

**(f) Erroneous Underpayment of Compensation.** With respect to any Incentive Based Compensation (as defined in the Erroneously Awarded Compensation Policy) granted to the Executive during the Term, if a Restatement (as defined in the Erroneously Awarded Compensation Policy) results in an applicable restated Financial Reporting Measure (as defined in the Erroneously Awarded Compensation Policy) being positively impacted (i.e., being increased rather than decreased), the Executive will be entitled to receive additional compensation in an amount equal to the difference between the amount of Incentive Based Compensation the Executive should have received (i.e., based on the restated Financial Reporting Measure) and the amount of Incentive Based Compensation the Executive received (i.e., based on the original, non-restated Financial Reporting Measure) (the "Additional Compensation"). The terms and conditions of any Additional Compensation (including, for

example, the methodology for calculation of the amount of the Additional Compensation, and the form of, and vesting and payment terms applicable to, the Additional Compensation) shall be determined by the Board or its Compensation Committee in its sole discretion in a manner consistent with the Erroneously Awarded Compensation Policy (to the extent applicable) and with any applicable plan, program and/or award agreement governing and/or evidencing such Incentive Based Compensation.

**4. Fringe Benefits.** The Executive shall be entitled to participate in any benefit programs adopted from time to time by the Company for the benefit of its senior executive officers, and the Executive shall be entitled to receive such other fringe benefits as may be granted to him from time to time by the Board.

**(a) Benefit Plans.** The Executive shall be entitled to participate in any benefit plans relating to equity-based compensation awards, pension, thrift, profit sharing, life insurance, medical coverage, education, deferred compensation, or other retirement or employee benefits available to senior executive officers of the Company, subject to any restrictions (including waiting periods) specified in such plans and/or related individual agreements. The Company shall make commercially reasonable efforts to obtain medical and disability insurance, and such other forms of insurance as the Board shall from time to time determine, for its senior executive officers.

**(b) Paid Time Off.** The Executive shall be entitled to paid time off each calendar year pursuant to the Company's policies applicable to senior executive officers of the Company, as in effect from time to time.

**5. Business Expenses.** The Company shall reimburse the Executive for any and all necessary, customary and usual expenses, properly receipted in accordance with Company policies, incurred by the Executive on behalf of the Company.

**6. Termination of Executive's Employment.**

**(a) Death.** If the Executive dies while employed by the Company, his employment shall immediately terminate. The Company's obligation to pay the Executive's Base Salary shall cease as of the date of the Executive's death, and any unpaid Base Salary shall be paid to the Executive's estate. In addition, (i) within fifteen (15) days of the Executive's death, the Company shall pay to the Executive's estate an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year of his death, and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when

such bonuses become payable generally). The Executive's beneficiaries or his estate shall receive benefits in accordance with the Company's retirement, insurance and other applicable programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(a) shall apply, mutatis mutandis, to any such award(s).

**(b) Disability.** If, as a result of the Executive's incapacity due to physical or mental illness ("Disability"), the Executive shall have been unable to perform his duties to the Company for six (6) consecutive months, and, within thirty (30) days after written notice is provided to him by the Board, he shall not have resumed the performance of his duties, the Executive's employment under this Agreement may be terminated by the Company for Disability. During any period prior to such termination during which the Executive is unable to perform his duties to the Company due to Disability, the Company shall continue to pay the Executive his Base Salary at the rate in effect at the commencement of such period of Disability and any earned but unpaid annual bonus from a prior service year. Subsequent to such termination, the Executive's benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs. In addition, if such a termination for Disability occurs then (i) within fifteen (15) days of such termination, the Company shall pay to the Executive an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year in which his employment terminated and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive, the Executive's beneficiaries or his estate shall receive benefits in accordance with the Company's retirement, insurance and other applicable programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or

restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(b) shall apply, mutatis mutandis, to any such award(s). Notwithstanding the foregoing provisions of this Section 6(b), if such a termination for Disability occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management, and such termination constitutes a Separation from Service (as defined below), then such termination shall be treated for purposes of this Agreement as termination by the Company of the Executive's employment without Cause and as a "CIC Termination", as applicable, pursuant to and as set forth in Section 6(d) and Section 7 below, respectively, and the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth therein in lieu of the payments, vesting, consideration, and benefits set forth in this Section 6(b).

**(c) Termination By The Company For Cause.** The Company may terminate the Executive's employment under this Agreement for Cause, at any time prior to expiration of the Term of the Agreement; provided, however, that prior to any termination of employment for Cause, the Board must first provide written notice describing the reason for such termination of employment (and, with respect to subsections (iv), (v) and (vi) below, such notice may be provided on the same date as the termination date). For purposes of this Agreement, "Cause" shall mean:

(i) the Executive's material failure to substantially perform the reasonable and lawful duties of his position for the Company, including any habitual or repeated neglect of such duties, which failure has caused, or could reasonably be expected to cause, significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(ii) acts or omissions constituting gross negligence, recklessness or willful misconduct on the part of the Executive in respect of the performance of his duties hereunder, his fiduciary obligations or otherwise relating to the business of the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iii) unauthorized use or disclosure of trade secrets or confidential or proprietary information pertaining to Company business, which use or disclosure has caused, or could reasonably be expected to cause significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iv) acts or omissions constituting willful misconduct on the part of the Executive in respect of the performance of his fiduciary duty of loyalty to the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company;

(v) theft or embezzlement, or attempted theft or embezzlement, of money or tangible or intangible assets or property of the Company or its employees, customers, clients, or others having business relations with the Company;

(vi) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a non-vehicular felony, including, without limitation, a non-vehicular felony the elements of which involve fraud, dishonesty, or moral turpitude;

(vii) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a misdemeanor the elements of which involve fraud, dishonesty, or moral turpitude, and which is substantially related to the Executive's employment and duties to the Company; or

(viii) the Executive's commission of a crime the elements of which involve fraud, dishonesty, or moral turpitude, and which has caused, or could reasonably be expected to cause, material injury to the interests, property, operations, business or reputation of the Company.

In the event of a termination under this Section 6(c), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.



**(d) Termination By The Company Without Cause.** The Company may terminate the Executive's employment hereunder at any time without Cause upon 30 days written notice to the Executive or pay in lieu thereof. In the event of a termination under this Section 6(d), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

**(e) Termination By The Executive For Good Reason.** The Executive shall have the right to terminate the Executive's employment under this Agreement for Good Reason, at any time prior to expiration of the Term of the Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence (without the Executive's express written consent that such occurrence does not constitute "Good Reason"), of any one or more of the following events:

**(i)** A material reduction in the Executive's responsibilities, title, duties or authority, including, without limitation, any of the following events, which are hereby deemed to have the effect of a material reduction in Executive's responsibilities, duties and authority: (A) the Executive ceasing to serve as the sole president of a publicly traded company (or in a comparable senior officer role of a publicly-traded company reporting directly to the chief executive officer with responsibilities, authority, duties and compensation opportunity comparable to Executive's role as President of the Company (a "Comparable Role") determined as of the Effective Date), (B) the Company entering into and consummating one or more agreements with one or more Third-Party External Management Companies (as defined below), which, when taken alone or together, provide for the external management of all or substantially all of the Company's assets and/or operations (an "Externalization of Management"), or (C) on or after a Change of Control, if as a result of such Change of Control, the Company becomes a subsidiary of another entity and the Executive is not appointed (or after appointment, ceases) to be the sole president (or serve in a Comparable Role determined as of the time immediately prior to the Change of Control) of the top-tier parent entity of the Company (or its successor); provided that, for the avoidance of doubt, the appointment of the Executive to a top-tier parent entity that is not publicly traded does not eliminate the Executive's rights under any of sub-clauses (A), (B) or (C) above;

**(ii)** A reduction in the Executive's Base Salary or in the Executive's Target Bonus or a material reduction by the Company in the value of the Executive's total compensation package (salary, bonus opportunity, equity incentive award opportunity and benefits) if such a reduction is not made in proportion to an across-the-board reduction for all senior executives of the Company (and for the avoidance of doubt, following a Change of Control, the reference to senior executives of the Company shall include, without limitation, all senior executives of any top tier parent entity of any acquiror of and/or successor to Redwood Trust, Inc.);

(iii) The relocation of the Executive's principal Company office to a location not within the area of Marin County, California (commonly referred to as the "Highway 101 Corridor"), except for required travel away from the Executive's principal Company office on the Company's business to the extent necessary to fulfill the Executive's obligations under Section 1 (provided that any such travel explicitly required by the Company may not exceed thirty (30) days during any calendar year);

(iv) A failure by the Company at any time to renew this Agreement for successive one-year periods pursuant to Section 2;

(v) The complete liquidation of the Company; or

(vi) In the event of a merger, consolidation, transfer, or closing of a sale of all or substantially all the assets of the Company with or to any other individual or entity, the failure of the Company's successor to affirmatively adopt this Agreement (no later than the closing of the applicable transaction) or to otherwise comply with its obligations pursuant to Section 13 below.

Notwithstanding the foregoing, at any time prior to a Change of Control, the Executive will not be deemed to have resigned for Good Reason for purposes of subclause (i) unless (1) the Executive provides the Board with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason (the "Good Reason Notice") within one hundred twenty (120) days after the date of the occurrence of any event that the Executive knows to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice or prior to a Change of Control, whichever shall occur earlier, and (3) the effective date of the Executive's termination for Good Reason occurs no later than thirty (30) days after the expiration of the Company's cure period; provided, however, that if the Executive reasonably believes that circumstances constituting "Good Reason" for the Executive to terminate his/her employment under this Agreement will exist immediately following a Change of Control or Externalization of Management, then the Executive may provide the Company with a Good Reason Notice no later than five (5) business days prior to the consummation of such Change of Control or Externalization of Management (and in such event the Company shall not be entitled to a period to cure) and the Executive's resignation for Good Reason, if accepted by the Board, shall be deemed effective and binding on the Company (and any successor thereto) as of such time as may be determined by the Board (provided that any such effective time shall not be earlier than immediately following the consummation of the Change of Control or Externalization of Management). Following a Change of Control or Externalization of Management, in order to resign for Good Reason, the Executive must provide a Good Reason Notice, but the Company

shall not be entitled to a cure period. In addition, following a Change of Control, the determination of whether to accept the Executive's resignation for Good Reason shall be determined by the "Review Committee" as set forth in sub-section (g) below.

In the event of a termination under this Section 6(e), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

For purposes of this Agreement, "Third-Party External Management Company" is defined as follows: an entity engaged to externally manage some or all of the Company's assets and/or operations that is not (i) a majority-owned subsidiary of the Company or otherwise controlled by the Company, (ii) owned, in whole or in part, by the Executive or otherwise controlled by the Executive or (iii) an entity for which the Executive serves as a director or officer (or for which the Executive otherwise acts as a manager or fiduciary).

**(f) Termination By The Executive Without Good Reason.** The Executive may at any time during the Term terminate his employment hereunder for any reason or no reason by giving the Company notice in writing not less than sixty (60) days in advance of such termination. The Executive shall have no further obligations to the Company after the effective date of termination, as set forth in the notice. In the event of a termination by the Executive under this Section 6(f), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(g) Administration of Agreement Upon Change of Control.** Notwithstanding anything herein to the contrary, in the event of a Change of Control, prior to and in any event not later than ten (10) days before the consummation of such Change of Control, the Company may designate a committee of two or more members of the Board as constituted immediately prior to the Change of Control (the "Review Committee") for the purpose of making any determination as to whether, solely for purposes of this Agreement, Executive's employment is terminated with or without Cause or if Executive's resignation is with or without Good Reason; provided that, in any Change of Control in which two or more members of the Board as constituted immediately prior to the Change of Control shall continue to act as members of the Board of the Company (or act as members of the board of directors or board of trustees (or otherwise as fiduciaries)) of any successor or parent entity of the Company) following such Change of Control, the Company shall be required to designate such a Review Committee. For the avoidance of doubt, any such Review Committee shall have the sole authority and responsibility to review, and be authorized to accept, in its sole discretion, any Good Reason Notice submitted by the Executive pursuant to Section 6 during the 24-month period following a Change of Control.

## **7. Compensation Upon Termination By the Company without Cause or By The Executive for Good Reason.**

(a) If the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason, the Executive shall be entitled to the following payments, vesting, consideration, and benefits:

(i) **Payment of Unpaid Base Salary.** The Company shall immediately pay the Executive any portion of the Executive's Base Salary through the date of termination or previously awarded bonus not paid prior to the termination date.

(ii) **Severance Payment.**

(A) In the event such termination is not a CIC Termination (as defined below), then the Company shall provide the Executive (x) an amount equal to one (1.0) times the sum of (i) Executive's Annual Base Salary as in effect immediately prior to his termination and (ii) Executive's Target Bonus in effect immediately prior to his termination and (y) an amount equal to the Executive's Target Bonus in effect immediately prior to his termination, pro-rated for the number of days of employment completed by the Executive during the year in which his employment is terminated.

(B) In the event such termination of employment occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management (a "CIC Termination"), then instead of providing the payments in Section 7(a)(ii)(A), the Company shall provide the Executive an amount equal to the sum of (x) the Executive's Target Bonus in effect immediately prior to his termination, prorated for the number of days of employment completed by the Executive during the year in which his employment terminated; (y) one-and-one-half (1.5) times the Executive's Annual Base Salary as in effect immediately prior to his termination; and (z) one-and-one-half (1.5) times the Executive's Target Bonus in effect immediately prior to his termination. Notwithstanding the foregoing, the maximum aggregate amount that the Company shall pay to the Executive pursuant to this Section 7(a)(ii)(B) is \$5,500,000.

(iii) **Equity Awards.** All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Company without Cause, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units,

shall remain outstanding and shall continue to be eligible to vest and become payable or exercisable based on (x) the performance goals set forth in the applicable award agreement by which such awards are evidenced and (y) a reduced number of target shares adjusted on a pro-rata basis to reflect the number of days of employment completed during the applicable vesting period in which termination occurs, with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Executive for Good Reason, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 7(a)(iii) shall apply, mutatis mutandis, to any such award(s).

**(iv) Continuation of Fringe Benefits.** For a period of up to twelve (12) months (or, in the event of a CIC Termination, eighteen (18) months) following the date of the Executive's termination of employment with Company, subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder, the Company shall continue to provide the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Employee's elections in effect on the date of termination (the "Continued Coverage"), provided that (1) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A of the Code under Treasury Regulation Section 1.409A-1(a)(5), or (2) the Company is otherwise unable to continue to cover the Executive under its group health plans without penalty under applicable law (including without limitation, Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), the Company may in its sole discretion provide that (i) the Executive shall pay to the Company, on an after-tax basis, a monthly amount equal to the full premium cost of the Continued Coverage for such month and (ii) within 30 days of such premium payment, the Company shall reimburse the Executive in cash (less required withholding) an amount equal to the sum of (A) the excess of (x) the full premium cost of the

Continued Coverage for such month over (y) any premium amount that would have been payable by the Executive if the Executive had been actively employed by the Company for such month and (B) an additional cash amount equal to the aggregate imputed or imposed federal, state and local taxes on any such amount in subclause (A), plus any taxes imposed on such cash amount, so that the Executive on an after-tax basis is in the same position as if there had been no imputation or imposition of income on the Executive. For the twelve (12) month (or, in the event of a CIC Termination, eighteen (18) month) period following the termination of the Executive's employment, the Company shall also continue to provide the Executive with all life insurance, disability insurance and other fringe benefits set forth in Section 4 as if the Executive's employment under the Agreement had not been terminated; provided, however, that such life insurance, disability insurance and other fringe benefits shall cease as of the date the Executive receives such coverage from a subsequent employer.

**(v) Payment/Benefit Limitation.** If any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive receives or is entitled to receive from the Company or any of its subsidiaries, affiliates or related entities, would (if paid or provided) constitute an "excess parachute payment" for purposes of Section 280G of the Code, the amounts otherwise payable and benefits otherwise due under this Agreement will either (i) be delivered in full, or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code (and therefore, no portion thereof will be subject to the excise tax imposed under Section 4999 of the Code), whichever of the foregoing amounts, taking into account applicable federal, state and local income and employment taxes and the excise tax imposed under Section 4999 of the Code, results in the receipt by the Executive, on an after-tax basis, of the greatest amount of payments and benefits, notwithstanding that all or some portion of such payments and/or benefits may be subject to the excise tax imposed under Section 4999 of the Code. Unless otherwise specified in writing by the Executive, in the event that the payments and/or benefits are to be reduced pursuant to this Section 7(a)(v), such payments and benefits shall be reduced such that the reduction of cash compensation to be provided to the Executive as a result of this Section 7 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All determinations required to be made under this Section 7(a)(v) shall be made by the Company's independent public accounting firm (or such other nationally recognized public accounting firm as may be selected by the Company and to which selection the Executive consents (such consent not to be unreasonably withheld)) which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the

Executive that there has been a payment or benefit subject to this Section 7(a)(v), or such earlier time as is requested by the Company.

**(b) No Mitigation Required; No Other Entitlement To Benefits Under Agreement.** The Executive shall not be required in any way to mitigate the amount of any payment provided for in this Section 7, including, without limitation, by seeking other employment, nor shall the amount of any payment provided for in this Section 7 be reduced by any compensation earned by the Executive as the result of employment with another employer after the termination date of employment, or otherwise. Except as set forth in this Section 7, following a termination governed by this Section 7, the Executive shall not be entitled to any other compensation or benefits set forth in this Agreement, except as may be separately negotiated by the parties and approved the Board in writing in conjunction with the termination of the Executive's employment under this Section 7.

**(c) Release Agreement.** (i) As a condition of receiving any of the payments, vesting, consideration and benefits set forth in this Section 7 (other than the payment provided for in sub-section 7(a)(i)) at any time prior to a Change of Control, the Executive shall be required to execute a mutual release agreement substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and such release agreement must have become effective in accordance with its terms within 60 days following the termination date (which form of mutual release agreement the Company, in its sole discretion, may modify to comply with applicable law, and which form of mutual release agreement may be incorporated into a termination agreement or other agreement with the Executive).

(ii) With respect to the Executive's receipt of any of the payments, vesting, consideration and benefits set forth in this Section 7 at the time of, or following, a Change of Control or Externalization of Management, the Executive shall not be required to execute any type of release or general release agreement in favor of the Company; provided that, in connection with any termination of the Executive's employment by the Company without "Cause" or any termination of the Executive's employment by the Executive for "Good Reason", the Executive has the option to require the Company to enter into and execute a mutual release agreement with the Executive substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and, if so required by the Executive, the Company and the Executive agree that such release agreement must be executed and have become effective in accordance with its terms within 60 days following the termination date.

**(d) Timing of Severance Payments.** Notwithstanding any other provision of this Agreement, all severance payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable in an amount equal to 75% of such payments on the date that is six months after the termination date, and the remaining 25%

shall be payable in six equal monthly installments beginning on the date that is seven months after the termination date and continuing on the same date of each of the five months thereafter.

**(e) Timing of Bonus Payments.** Notwithstanding any other provision of this Agreement, all bonus payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable on the date that is six months after the termination date.

**8. Disputes Relating To Executive's Termination of Employment For Good Reason.** If the Executive resigns his employment with the Company alleging in good faith as the basis for such resignation "Good Reason" as defined in Section 6(e), and if the Company then disputes the Executive's right to the payments, vesting, consideration, and benefits provided for under Section 7, the Company shall continue to pay the Executive the full compensation (including, without limitation, his Base Salary, annual bonus and equity-based long-term incentive awards) in effect at the date the Executive provided written notice of such resignation, and the Company shall continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was then a participant, and provide continuing vesting for any compensation, award or benefit with a vesting condition, until the date the dispute is finally resolved, either by mutual written agreement of the parties or by application of the provisions of Section 11. For the purposes of this Section 8, the Company shall bear the burden of proving that the grounds for the Executive's resignation do not fall within the scope of Section 6(e), and there shall be a rebuttable presumption that the Executive alleged such grounds in good faith.

#### **9. Restrictive Covenant Provisions.**

**(a) Noncompetition.** The Executive agrees that during the Term prior to any termination of his employment hereunder, he will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, manage, operate, join, control, participate in, or be connected as a stockholder (other than as a holder of shares publicly traded on a stock exchange or the NASDAQ National Market System), partner, or other equity holder with, or as an officer, director or employee of, any real estate or mortgage investment organization whose business strategy is competitive with that of the Company, as determined by a majority of the non-employee members of the Board. It is further expressly agreed that the Company will or would suffer irreparable injury if the Executive were to compete with the Company or any subsidiary or affiliate of the Company in violation of this Agreement and that the Company would by reason of such competition be entitled to injunctive relief in a court of appropriate jurisdiction, and the Executive further consents and stipulates to the entry of such injunctive relief in such a court prohibiting the Executive from competing with the Company or any subsidiary or affiliate of the Company, in the areas of business set forth above, in violation of this Agreement.



**(b) Duty To Avoid Conflict Of Interest.** During his employment by the Company, the Executive agrees not to engage or participate in, directly or indirectly, any activities in conflict with the best interests of the Company. The Company shall be the final decision-maker with regard to any conflict of interest issue.

**(c) Right To Company Materials.** The Executive agrees that all styles, designs, lists, materials, books, files, reports, correspondence, records, and other documents (“Company Materials”) used, prepared, or made available to the Executive shall be and shall remain the property of the Company. Upon the termination of employment or the expiration of this Agreement, the Executive shall immediately return to the Company all Company Materials, and the Executive shall not make or retain any copies thereof.

**(d) Nonsolicitation.** The Executive agrees that during the Term prior to any termination of his employment hereunder, he will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, solicit any of the Company’s employees to work for any competing real estate or mortgage investment organization as determined under Section 9(a).

**(e) Confidential And Proprietary Information.**

**(1)** It is hereby acknowledged that the Executive has and shall gain knowledge of trade secrets and confidential information owned by or related to the Company and/or its affiliates including but not limited to the following: (i) the names, lists, buying habits and practices of customers, clients or vendors, (ii) marketing and related information, (iii) relationships with the persons or entities with whom or with which the Company has contracted, (iv) their products, designs, software, developments, improvements and methods of operation, (v) financial condition, profit performance and financial requirements, (vi) the compensation paid to employees, (vii) business plans and the information contained therein, and (viii) all other confidential information of, about or concerning the Company, the manner of operation of the Company and other confidential data of any kind, nature or description relating to the Company (collectively, the “Confidential Information”). Confidential Information does not include information which (A) is or becomes generally available to the public other than as a result of a disclosure by the Executive; or (B) becomes available to the Executive on a non-confidential basis after the termination or expiration of the Executive’s obligations under this Agreement from a source other than the Company, provided that such source is not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Company or any other party with respect to such information; or (C) is independently developed after the termination or expiration of the Executive’s obligations under this agreement without reference to the Confidential Information, provided such independent development can reasonably be proven by the Executive by written records.

(2) The parties hereby acknowledge that the Confidential Information constitutes important, unique, material and confidential trade secrets which affect the successful activities of the Company, and constitute a substantial part of the assets and goodwill of the Company. In view of the foregoing, the Executive agrees that he will not at any time whether during or after the term of this Agreement, except as required in the course of the Executive's employment by Company and at its direction and for its sole benefit, in any fashion, form or manner, directly or indirectly (i) use or divulge, disclose, communicate or provide or permit access to any person, firm, partnership, corporation or other entity, any Confidential Information of any kind, nature or description, or (ii) remove from Company's premises any notes or records relating thereto, or copies or facsimiles thereof (whether made by electronic, electrical, magnetic, optical, laser, acoustic or other means).

(3) Promptly upon the request of Company, and immediately upon the termination of the Executive's employment, the Executive shall not transfer to any third person and shall deliver to Company all Confidential Information, and other property belonging to the Company, including all copies thereof, in the possession or under the control of the Executive.

(4) The Executive represents that the performance of all the terms of this Agreement will not conflict with, and will not breach, any other invention assignment agreement, confidentiality agreement, employment agreement or non-competition agreement to which the Executive is or has been a party. To the extent that the Executive has confidential information or materials of any former employer, the Executive acknowledges that the Company has directed the Executive to not disclose such confidential information or materials to the Company or any of its employees, and that the Company prohibits the Executive from using said confidential information or materials in any work that the Executive may perform for the Company. The Executive agrees that the Executive will not bring with the Executive to the Company, and will not use or disclose any confidential, proprietary information, or trade secrets acquired by the Executive prior to his employment with the Company. The Executive will not disclose to the Company or any of its employees, or induce the Company or any of its employees to use, any confidential or proprietary information or material belonging to any previous employers or others, nor will the Executive bring to the Company or use in connection with the Executive's work for the Company copies of any software, computer files, or any other copyrighted or trademarked materials except those owned by or licensed to the Company. The Executive represents that he is not a party to any other agreement that will interfere with his full compliance with this Agreement. The Executive further agrees not to enter into any agreement, whether written or oral, in conflict with the provisions of this Agreement.

(5) Notwithstanding the generality of the foregoing, nothing in this Agreement is intended to prohibit the Executive from filing a charge with, reporting possible

violations to, or participating or cooperating with the Securities and Exchange Commission or any other federal, state or local regulatory body or law enforcement agency, including in relation to any whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation. Pursuant to 18 U.S.C. Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

**(f) Inventions.** Any and all inventions, discoveries or improvements that the Executive has conceived or made or may conceive or make during the period of employment relating to or in any way pertaining to or connected with the systems, products, computer programs, software, apparatus or methods employed, manufactured or constructed by the Company or to systems, products, apparatus or methods with respect to which the Company engages in, requests or anticipates research or development, shall be promptly and fully disclosed and described by the Executive to the Company and shall be the sole and exclusive property of the Company, and the Executive shall assign, and hereby does assign, to the Company, the Executive's entire right, title and interest in and to all such inventions, discoveries or improvements as well as any modifications or improvements thereto that may be made.

The obligations outlined in this Section 9(f) do not apply to any invention that qualifies fully under California Labor Code Section 2870 (a copy of which is attached hereto as Exhibit C) or to any rights the Executive may have acquired in connection with an invention, discovery or improvement that was developed entirely on the Executive's own time for which no equipment, supplies, facilities or trade secret information of the Company was used and (a) that does not relate directly or indirectly to the business of the Company or to the Company's actual or demonstrable anticipated research or development, or (b) that does not result from any work performed by the Executive for the Company.

**(g) [RESERVED]**

**(h) Breach.** It is expressly agreed that each breach of this Section 9 is a distinct and material breach of this Agreement and that solely a monetary remedy would be inadequate, impracticable and extremely difficult to prove, and that each such breach would cause the Company irreparable harm. It is further agreed that, in addition to any and all remedies available at law or equity (including money damages), either party shall be entitled to temporary and permanent injunctive relief to enforce the provisions of this Section, without the necessity of proving actual damages. It is further agreed that either party shall be entitled to seek such

equitable relief in any forum, including a court of law, notwithstanding the provisions of Section 11. Either party may pursue any of the remedies described herein concurrently or consecutively in any order as to any such breach or violation, and the pursuit of one of such remedies at any time will not be deemed an election of remedies or waiver of the right to pursue any of the other such remedies.

**(i) Unenforceability.** Should any portion of this Section 9 be deemed unenforceable because of its scope, duration or effect, and only in such event, then the parties expressly consent and agree to such limitation on scope, duration or effect as may be finally adjudicated as enforceable, to give this Section 9 its maximum permissible scope, duration and effect.

**10. Notices.** All notices and other communications under this Agreement shall be in writing and shall be given by fax or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three (3) days after mailing or twenty-four (24) hours after transmission of a fax to the respective persons named below:

If to the Company: Redwood Trust, Inc.  
Attn: Chief Legal Officer  
One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373 / Fax: (415) 381-1773

If to the Executive: Dashiell I. Robinson  
c/o Redwood Trust, Inc.  
One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373 / Fax: (415) 381-1773

Either party may change such party's address for notices by notice duly given pursuant hereto.

**11. Resolution of Disputes.** To ensure the rapid and economical resolution of disputes that may arise in connection with the Executive's employment with the Company, the Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, the Executive's employment, or the termination of the Executive's employment ("Arbitrable Claims") shall be submitted to confidential mediation in San Francisco, California conducted by a mutually agreeable mediator from Judicial Arbitration and Mediation Services ("JAMS") or its successor under the JAMS Rules of Practice and Procedure then in effect, which can be found at [www.jamsadr.com/adr-rules-procedures](http://www.jamsadr.com/adr-rules-procedures). The cost of all JAMS' mediation fees

shall be paid by the Company. In the event that mediation is unsuccessful in resolving the Arbitrable Claims, the Arbitrable Claims shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Francisco, California conducted by JAMS or its successor, under the then applicable rules of JAMS.

**The Executive and the Company each acknowledge that by agreeing to this arbitration procedure, both the Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.**

The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that the Executive or the Company would be entitled to seek in a court of law. With respect to attorney's fees, the arbitrator shall award to the Executive his attorneys' fees based on a determination of the extent to which the Executive has prevailed as to the material issues raised in determination of the dispute (and, for the avoidance of doubt, regardless of the extent to which the Company has prevailed as to the material issues raised in determination of the dispute, the arbitrator is not authorized to award to the Company any portion of its attorney's fees); and, moreover, to the extent the Executive prevails as to substantially all of the material issues raised in determination of the dispute, the arbitrator shall award to the Executive all of his attorneys' fees. The Company shall pay all JAMS' arbitration fees. Nothing in this Agreement is intended to prevent either the Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such mediation or arbitration.

**12. Advancement of Executive's Legal Fees.** In connection with the resolution of any dispute in accordance with Section 11, the Company shall advance to the Executive all reasonable attorneys' fees of the Executive as they are incurred and reasonably documented by the Executive in respect of any mediation, arbitration or litigation related thereto. The Executive shall not be required to reimburse the Company for any such advances of attorney's fees until a final determination is made with respect to such dispute and, then, the Executive's obligation to repay any such advances shall, (i) in the context of mediation or arbitration, be subject to an affirmative determination of the mediator or arbitrator that the Executive is obligated to repay such advances and (ii) in the context any litigation, be subject to the condition that substantially all of the material issues raised in such litigation have been resolved by a final (non-appealable) judgement in favor of the Company.

**13. Assignment; Successors.** This Agreement is personal in its nature, and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any

rights or obligations hereunder; provided, however, that, in the event of the merger, consolidation, transfer, or sale of all or substantially all of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

**14. Governing Law.** This Agreement and the legal relations thus created between the parties hereto shall be governed by and construed under and in accordance with the laws of the State of California.

**15. Entire Agreement; Headings.** This Agreement embodies the entire agreement of the parties with respect to the subject matter hereof and supersedes in their entirety all other or prior agreements, whether oral or written, with respect thereto, including but not limited to the Prior Agreement, but excluding the plans, programs and equity award agreements under which compensation and benefits are provided pursuant to Sections 3 and 4 hereof (and, to the extent such plans, programs and/or equity award agreements contain more favorable terms, such terms shall continue to apply). Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

**16. Waiver; Modification.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

**17. Severability.** In the event that a court of competent jurisdiction determines that any portion of this Agreement is in violation of any statute or public policy, only the portions of this Agreement that violate such statute or public policy shall be stricken. All portions of this Agreement that do not violate any statute or public policy shall continue in full force and effect. Further, any court order striking any portion of this Agreement shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties under this Agreement.

**18. Indemnification.** The Company shall indemnify and hold Executive harmless to the maximum extent permitted by Section 2-418 of the Maryland General Corporations Law or its successor statute, or if greater, by the Company's Bylaws, by any applicable resolution of the Board or by the terms providing the most extensive indemnification contained in any written agreement between the Company and any director or officer of the Company. The Company

shall make Executive a named beneficiary under all director and officer liability policies maintained by the Company from time to time for the benefit of its directors and officers, entitled to all benefits provided thereunder to persons serving in a comparable role as an officer of the Company. During the Term and for a term of six years thereafter, the Company shall purchase and maintain, at its own expense, directors and officers liability insurance providing coverage for Executive in respect of acts and omissions of the Executive in his capacity as such and occurring during Executive's employment.

**19. Section 409A.** Any payments under this Agreement subject to Section 409A of the Code that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as a termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits shall be paid to the Executive during the six (6)-month period following the Executive's "separation from service" from the Company (within the meaning of Section 409A of the Code, a "Separation from Service") if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period. Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Agreement may only be made upon the Executive's "separation from service" from the Company.

**20. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

**21. Successor Sections.** References herein to sections or rules of the Code shall be deemed to include any successor sections or rules.

*[Signature Page Follows]*



**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the Effective Date.

**REDWOOD TRUST, INC.**

By: /s/ Christopher J. Abate  
Christopher J. Abate  
Chief Executive Officer

**EXECUTIVE**

/s/ Dashiell I. Robinson  
Dashiell I. Robinson

**EXHIBIT A**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Dashiell I. Robinson (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and his heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement.

This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and

Restated Employment Agreement with the Company(the “Employment Agreement”), the Company’s bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company’s payment obligations under Section 7 of the Employment Agreement, as well as the Company’s other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive’s vested equity awards and other awards, or (v) claims relating to or arising out of the Executive’s fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under his Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not to do so); (C) Executive has twenty-one (21) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; and (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party’s release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any

federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.

(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii) made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the

Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Dashiell I. Robinson

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Dashiell I. Robinson (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and his heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement. This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and Restated Employment Agreement with the Company(the “Employment Agreement”), the Company’s

bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company's payment obligations under Section 7 of the Employment Agreement, as well as the Company's other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive's vested equity awards and other awards, or (v) claims relating to or arising out of the Executive's fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under his Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not to do so); (C) Executive has forty-five (45) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement; and (F) Executive has received with this Release Agreement a detailed list of the job titles and ages of all employees who were terminated in this group termination and the ages of all employees of the Company in the same job classification or organizational unit who were not terminated.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**



Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party's release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.

(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental

testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii) made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Dashiell I. Robinson

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

| \_\_\_\_\_

**EXHIBIT C**  
**Section 2870 of California Labor Code**

Section 2870 of California Labor Code: Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a. Any provision and employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities or trade secret information except for those inventions that either:

1. Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
2. Result from any work performed by the employee for the employer.

b. To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

## EXHIBIT D

### DEFINITION OF “CHANGE OF CONTROL”

*With respect to (i) equity-based or equity-related awards granted prior to November 6, 2020 and (ii) long-term incentive and/or retention compensation awards that are payable in cash granted prior to November 6, 2020, the following definition of Change of Control shall apply:*

“Change of Control” refers to the occurrence of any of the following:

(1) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires ownership of stock of the Company that, together with other stock held by such person or group constitutes more than 50 percent of the total fair market value or total voting power of all stock of the Company; or

(2) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30 percent or more of the total voting power of the stock of the Company; or

(3) during any 12-month period, a majority of the members of the Company’s board of directors is replaced by directors whose appointment or election is not endorsed by a majority of the members of the Company’s board of directors prior to such appointment or election; or

(4) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisition; provided, that that no change of control shall be deemed to occur when the assets are transferred to:

(x) a shareholder of the Company in exchange for or with respect to its stock,

(y) a person, or more than one person acting as a group (within the meaning of Section 409A of the Code), that owns, directly or indirectly, 50

percent or more of the total value or voting power of all of the outstanding stock of the Company, or

(z) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person that owns directly or indirectly 50 percent or more of the total value or voting power of all of the outstanding stock of the Company, in each case with such persons status determined immediately after the transfer of assets.”

*With respect to (i) equity-based or equity-related awards granted on or following November 6, 2020 and (ii) long-term incentive and/or retention compensation awards that are payable in cash granted on or following November 6, 2020, the following definition of Change of Control shall apply:*

“Change of Control” refers to the occurrence of any of the following:

(a) A transaction or series of transactions (other than an offering of common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 30% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c) of this definition) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(a) which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(b) after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 30% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction."

## EXHIBIT E

### COPY OF REDWOOD TRUST, INC.'S POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The Board of Directors (the “*Board*”) of Redwood Trust, Inc. (the “*Company*”) has adopted this Policy for Recovery of Erroneously Awarded Compensation (the “*Policy*”), effective as of October 2, 2023 (the “*Effective Date*”). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

#### 1. Persons Subject to Policy

This Policy shall apply to current and former Designated Officers of the Company.

#### 2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is “received” shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is “received” in the Company’s fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

#### 3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Designated Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person’s right to voluntarily terminate employment for “good reason,” or due to a “constructive termination” (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

#### 4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation, Erroneously Awarded Compensation or time-vesting equity or cash awards, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other



compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

#### **5. Administration**

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the “Committee” shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders or stockholders, and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, or to third-party agents of the Company, as permitted under applicable law, including any Applicable Rules.

#### **6. Interpretation**

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

#### **7. No Indemnification; No Liability**

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person’s potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

#### **8. Application; Enforceability**

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to (but without duplication of), any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based or cash-based plan or award agreement

thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the “*Other Recovery Arrangements*”). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

#### **9. Severability**

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

#### **10. Amendment and Termination**

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

#### **11. Definitions**

“*Applicable Rules*” means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company’s securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company’s securities are listed.

“*Committee*” means the Compensation Committee of the Board, for so long as it is comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee or such independence, a majority of the independent directors (or as determined under the Applicable Rules) serving on the Board.

“*Designated Officer*” means each designated person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

“*Erroneously Awarded Compensation*” means the amount of Incentive-Based Compensation received by a current or former Designated Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Designated Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Reporting Measure*” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements,

and any measures derived wholly or in part from such measures, including GAAP and non-GAAP financial measures, as well as stock or share price and total equityholder or stockholder return.

“**GAAP**” means United States generally accepted accounting principles.

“**Impracticable**” means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempt(s) to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association or (b) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“**Incentive-Based Compensation**” means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as a Designated Officer; (b) who served as a Designated Officer at any time during the performance period for that compensation; (c) while the Company has a class of securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“**Restatement**” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Three-Year Period**” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

**FOURTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This Fourth Amended and Restated Employment Agreement (“Agreement”), effective as of August 6, 2024 (the “Effective Date”), is entered into by and between **Brooke E. Carillo** (the “Executive”) and **Redwood Trust, Inc.**, a Maryland corporation (the “Company”), and amends and restates in its entirety that certain Third Amended and Restated Employment Agreement by and between the Executive and the Company dated November 3, 2023 (the “Prior Agreement”).

The Company desires to establish its right to the continued services of the Executive, in the capacity, on the terms and conditions, and subject to the rights of termination hereinafter set forth, and the Executive is willing to accept such continued employment in such capacity, on such terms and conditions, and subject to such rights of termination.

In consideration of the mutual agreements hereinafter set forth, the Executive and the Company have agreed and do hereby agree as follows:

**1. Employment and Responsibilities.** During the Term, the Executive shall serve as the sole Chief Financial Officer (and principal financial officer) of the Company, reporting to the Chief Executive Officer of the Company, with responsibilities, duties and authority customary for such position. The Executive does hereby accept and agree to such continued employment. The Chief Executive Officer may, from time to time, in his sole discretion, modify, reassign and/or augment the Executive’s responsibilities, subject to prior approval by the Board of Directors of the Company (the “Board”), and any such modification, reassignment and/or augmentation shall be deemed a waiver by the Executive of her rights under Section 6(e)(i) hereof only with her express prior written consent. Any such modification, reassignment or augmentation of responsibilities shall be in writing. The Executive shall devote such time, energy and skill to the performance of her duties for the Company and for the benefit of the Company as may be necessary or required for the effective conduct and operation of the Company’s business.

**2. Term of Agreement.** The term of this Agreement (the “Term”) shall commence on the Effective Date and shall continue through December 31, 2024; provided, however, that (i) on January 1, 2025 and each succeeding January 1, the Term shall automatically be extended for one additional year unless, not later than three months prior to any such January 1, either party shall have given written notice to the other that it does not wish to extend the Term and (ii) such one year extensions of the Term shall not occur on and after the January 1 of the year in which the Executive will attain age sixty-five (65) but instead the Term shall be extended only until the date of the Executive’s sixty-fifth (65th) birthday.

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### 3. Compensation.

(a) **Base Salary.** The Company shall pay the Executive, and the Executive agrees to accept from the Company, in payment for her services to the Company a base salary (the “Base Salary”) at the rate of not less than \$825,000 per year, paid in accordance with the customary payroll practices of the Company subject to annual review and increase by the Board in its sole discretion (or by the Board’s separately designated Compensation Committee in its sole discretion). For the avoidance of doubt, references to the Board in this Section 3 shall include the Board’s separately designated Compensation Committee.

(b) **Performance Bonus.** The Executive shall be eligible to receive an annual bonus. The Board in its discretion will determine whether such annual bonus will be paid, the amount of such bonus and its form of payment. The Executive’s target annual bonus amount is 190% of her Base Salary or such greater amount as may subsequently be established by the Board (the “Target Bonus”). During the first ninety (90) days of each calendar year, the Board, in consultation with the Chief Executive Officer, shall establish the performance goals applicable to such year’s annual bonus opportunity, as well as the framework for awarding an annual bonus that is higher or lesser than the Target Bonus. Such criteria shall be established by the Board, after consultation with the Executive, and pursuant to a process that is consistent with past practice. If the Board determines in its discretion that the Executive’s performance meets or exceeds the criteria established by the Board for the award of a Target Bonus, the Board may award the Executive the Target Bonus or a higher amount. Likewise, if the Board determines in its discretion that the Executive’s performance does not meet said criteria, the Board may award a lesser amount, or no bonus may be awarded. Unless otherwise provided in this Agreement, the Executive’s eligibility to receive any bonus under this paragraph shall be expressly conditioned on, among other things, the Executive remaining employed with the Company up through any designated distribution date set by the Board.

Notwithstanding the foregoing paragraph, in the event of a “Change of Control” (as defined in Exhibit D attached hereto) or an Externalization of Management (as defined in herein), immediately prior to such Change of Control or Externalization of Management the Company shall be obligated to pay the Executive: (A) when such Change of Control or Externalization of Management occurs during a calendar year in respect of which no annual bonus has yet been paid, a pro-rated annual bonus for such calendar year, based on the number of days in such calendar year prior to the Change of Control or Externalization of Management; and (B) when such Change of Control or Externalization of Management occurs after the conclusion of a calendar year in respect of which no annual bonus has yet been paid (i.e., such Change of Control or Externalization of Management occurs after December 31st, but before the designated payment date for the annual bonus in respect of such completed calendar

year), an annual bonus for such completed calendar year. In the case of both of the preceding clauses (A) and (B), such amounts shall each be separately subject to any cap on Executive's annual bonus previously established by the Board (or any committee thereof) and shall each be determined in accordance with the criteria most recently designated by the Board (or any committee thereof) for the determination of such amounts, as follows: (I) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the financial performance of the Company with respect to a calendar year, shall be paid in amounts based on the attainment of such criteria (on an annualized basis, if in respect of less than a full calendar year), through the date immediately prior to such Change of Control or Externalization of Management (or, as applicable, through the end of any such completed calendar year) and in accordance with the methodology previously approved by the Board (or any committee thereof) for payment of such amounts of annual bonus (i.e., an amount at, higher, or lower than the target amounts for such portions of annual bonus); and (II) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the individual performance of the Executive, shall be paid in amounts equal to the target amount of such portion of the Executive's annual bonus.

**(c) Equity Incentive Awards.** The Executive shall be eligible to receive grants of equity-based long-term incentive awards, which may include options to purchase Company stock, performance or restricted stock units and Company restricted stock contributions to Company's deferred compensation plan, or other equity-based awards. Such awards shall be determined in the discretion of the Board and the Executive shall be eligible for consideration for such awards in the same manner as other senior executive officers of the Company. In the event of a Change of Control in which the surviving or acquiring corporation does not assume the Executive's outstanding equity-related awards (including options and equity-based awards granted both before and after the Effective Date) or substitute similar equity-related awards of substantially equivalent value, such equity-related awards shall immediately vest and become exercisable if the Executive's service with the Company has not terminated before the effective date of the Change of Control; provided, however, that the foregoing provision shall only apply if the Company is not the surviving corporation or if shares of the Company's common stock are converted into or exchanged for other securities or cash.

**(d) Annual Review.** The Executive's performance shall be reviewed periodically. The performance evaluations shall consider and assess the Executive's performance of her duties and responsibilities, the accomplishment of established performance objectives, and/or other factors or criteria that the Board, in its sole

discretion, may deem relevant. The frequency of performance evaluations may vary depending upon, among other things, length of service, past performance, changes in job duties or performance levels, but generally would occur on an annual basis. The Board shall, at least annually, review the Executive's entire compensation package to determine whether it continues to meet the Company's compensation objectives. Such annual review will include a determination of (i) whether to increase the Base Salary in accordance with Section 3(a); (ii) the incentive performance bonus to be awarded in accordance with Section 3(b); and (iii) the amount and type of any equity awards granted in accordance with Section 3(c). Salary increases and incentive bonus awards are solely within the discretion of the Board and may depend upon many factors other than the Executive's performance.

**(e) Acknowledgement of Company's Policy for Recovery of Erroneously Awarded Compensation.** A copy of the Company's Policy for Recovery of Erroneously Awarded Compensation (the "Erroneously Awarded Compensation Policy") is attached as Exhibit E hereto. The Executive hereby acknowledges such Erroneously Awarded Compensation Policy and agrees to the terms thereof and understands that compensation received by the Executive may be subject to reduction, cancellation, forfeiture and/or recoupment in accordance with, and to the extent necessary, for the Company to comply with the Erroneously Awarded Compensation Policy, notwithstanding any other agreement to the contrary. The Executive further acknowledges and agrees that she is not entitled to indemnification to compensate her for any such reduction, cancellation, forfeiture and/or recoupment of compensation under such Erroneously Awarded Compensation Policy and expressly waives any rights to such indemnification under the Company's organizational documents, under this Agreement, and/or any indemnification agreement between the Executive and the Company, or otherwise.

**(f) Erroneous Underpayment of Compensation.** With respect to any Incentive Based Compensation (as defined in the Erroneously Awarded Compensation Policy) granted to the Executive during the Term, if a Restatement (as defined in the Erroneously Awarded Compensation Policy) results in an applicable restated Financial Reporting Measure (as defined in the Erroneously Awarded Compensation Policy) being positively impacted (i.e., being increased rather than decreased), the Executive will be entitled to receive additional compensation in an amount equal to the difference between the amount of Incentive Based Compensation the Executive should have received (i.e., based on the restated Financial Reporting Measure) and the amount of Incentive Based Compensation the Executive received (i.e., based on the original, non-restated Financial Reporting Measure) (the "Additional Compensation"). The terms and conditions of any Additional Compensation (including, for example, the methodology for calculation of the amount of the Additional Compensation, and the

form of, and vesting and payment terms applicable to, the Additional Compensation) shall be determined by the Board or its Compensation Committee in its sole discretion in a manner consistent with the Erroneously Awarded Compensation Policy (to the extent applicable) and with any applicable plan, program and/or award agreement governing and/or evidencing such Incentive Based Compensation.

**4. Fringe Benefits.** The Executive shall be entitled to participate in any benefit programs adopted from time to time by the Company for the benefit of its senior executive officers, and the Executive shall be entitled to receive such other fringe benefits as may be granted to her from time to time by the Board.

**(a) Benefit Plans.** The Executive shall be entitled to participate in any benefit plans relating to equity-based compensation awards, pension, thrift, profit sharing, life insurance, medical coverage, education, deferred compensation, or other retirement or employee benefits available to senior executive officers of the Company, subject to any restrictions (including waiting periods) specified in such plans and/or related individual agreements. The Company shall make commercially reasonable efforts to obtain medical and disability insurance, and such other forms of insurance as the Board shall from time to time determine, for its senior executive officers.

**(b) Paid Time Off.** The Executive shall be entitled to paid time off each calendar year pursuant to the Company's policies applicable to senior executive officers of the Company, as in effect from time to time.

**5. Business Expenses.** The Company shall reimburse the Executive for any and all necessary, customary and usual expenses, properly receipted in accordance with Company policies, incurred by the Executive on behalf of the Company.

**6. Termination of Executive's Employment.**

**(a) Death.** If the Executive dies while employed by the Company, her employment shall immediately terminate. The Company's obligation to pay the Executive's Base Salary shall cease as of the date of the Executive's death, and any unpaid Base Salary shall be paid to the Executive's estate. In addition, (i) within fifteen (15) days of the Executive's death, the Company shall pay to the Executive's estate an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year of her death, and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive's beneficiaries or her estate shall



receive benefits in accordance with the Company's retirement, insurance and other applicable programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(a) shall apply, mutatis mutandis, to any such award(s).

**(b) Disability.** If, as a result of the Executive's incapacity due to physical or mental illness ("Disability"), the Executive shall have been unable to perform her duties to the Company for six (6) consecutive months, and, within thirty (30) days after written notice is provided to her by the Board, she shall not have resumed the performance of her duties, the Executive's employment under this Agreement may be terminated by the Company for Disability. During any period prior to such termination during which the Executive is unable to perform her duties to the Company due to Disability, the Company shall continue to pay the Executive her Base Salary at the rate in effect at the commencement of such period of Disability and any earned but unpaid annual bonus from a prior service year. Subsequent to such termination, the Executive's benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs. In addition, if such a termination for Disability occurs then (i) within fifteen (15) days of such termination, the Company shall pay to the Executive an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year in which her employment terminated and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive, the Executive's beneficiaries or her estate shall receive benefits in accordance with the Company's retirement, insurance and other applicable programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or

restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(b) shall apply, mutatis mutandis, to any such award(s). Notwithstanding the foregoing provisions of this Section 6(b), if such a termination for Disability occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management, and such termination constitutes a Separation from Service (as defined below), then such termination shall be treated for purposes of this Agreement as termination by the Company of the Executive's employment without Cause and as a "CIC Termination", as applicable, pursuant to and as set forth in Section 6(d) and Section 7 below, respectively, and the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth therein in lieu of the payments, vesting, consideration, and benefits set forth in this Section 6(b).

**(c) Termination By The Company For Cause.** The Company may terminate the Executive's employment under this Agreement for Cause, at any time prior to expiration of the Term of the Agreement; provided, however, that prior to any termination of employment for Cause, the Board must first provide written notice describing the reason for such termination of employment (and, with respect to subsections (iv), (v) and (vi) below, such notice may be provided on the same date as the termination date). For purposes of this Agreement, "Cause" shall mean:

(i) the Executive's material failure to substantially perform the reasonable and lawful duties of her position for the Company, including any habitual or repeated neglect of such duties, which failure has caused, or could reasonably be expected to cause, significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(ii) acts or omissions constituting gross negligence, recklessness or willful misconduct on the part of the Executive in respect of the performance of her duties hereunder, her fiduciary obligations or otherwise relating to the business of the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iii) unauthorized use or disclosure of trade secrets or confidential or proprietary information pertaining to Company business, which use or disclosure has caused, or could reasonably be expected to cause significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iv) acts or omissions constituting willful misconduct on the part of the Executive in respect of the performance of her fiduciary duty of loyalty to the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company;

(v) theft or embezzlement, or attempted theft or embezzlement, of money or tangible or intangible assets or property of the Company or its employees, customers, clients, or others having business relations with the Company;

(vi) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a non-vehicular felony, including, without limitation, a non-vehicular felony the elements of which involve fraud, dishonesty, or moral turpitude;

(vii) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a misdemeanor the elements of which involve fraud, dishonesty, or moral turpitude, and which is substantially related to the Executive's employment and duties to the Company; or

(viii) the Executive's commission of a crime the elements of which involve fraud, dishonesty, or moral turpitude, and which has caused, or could reasonably be expected to cause, material injury to the interests, property, operations, business or reputation of the Company.

In the event of a termination under this Section 6(c), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe

benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(d) Termination By The Company Without Cause.** The Company may terminate the Executive's employment hereunder at any time without Cause upon 30 days written notice to the Executive or pay in lieu thereof. In the event of a termination under this Section 6(d), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

**(e) Termination By The Executive For Good Reason.** The Executive shall have the right to terminate the Executive's employment under this Agreement for Good Reason, at any time prior to expiration of the Term of the Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence (without the Executive's express written consent that such occurrence does not constitute "Good Reason"), of any one or more of the following events:

**(i)** A material reduction in the Executive's responsibilities, title, duties or authority, including, without limitation, any of the following events, which are hereby deemed to have the effect of a material reduction in Executive's responsibilities, duties and authority: (A) the Executive ceasing to serve as the sole chief financial officer of a publicly traded company, (B) the Company entering into and consummating one or more agreements with one or more Third-Party External Management Companies (as defined below), which, when taken alone or together, provide for the external management of all or substantially all of the Company's assets and/or operations (an "Externalization of Management"), or (C) on or after a Change of Control, if as a result of such Change of Control, the Company becomes a subsidiary of another entity and the Executive is not appointed (or after appointment, ceases) to be the sole chief financial officer of the top-tier parent entity of the Company (or its successor); provided that, for the avoidance of doubt, the appointment of the Executive to a top-tier parent entity that is not publicly traded does not eliminate the Executive's rights under any of sub-clauses (A), (B) or (C) above;

**(ii)** A reduction in the Executive's Base Salary or in the Executive's Target Bonus or a material reduction by the Company in the value of the Executive's total compensation package (salary, bonus opportunity, equity incentive award opportunity and benefits) if such a reduction is not made in proportion to an across-the-board reduction for all senior executives of the Company (and for the avoidance of doubt, following a Change of Control, the reference to senior executives of the Company shall include, without limitation, all senior executives of any top tier parent entity of any acquiror of and/or successor to Redwood Trust, Inc.);

**(iii)** The relocation of the Executive's principal Company office to a location not within the area of Marin County, California (commonly referred to as the "Highway

101 Corridor”), except for required travel away from the Executive’s principal Company office on the Company’s business to the extent necessary to fulfill the Executive’s obligations under Section 1 (provided that any such travel explicitly required by the Company may not exceed thirty (30) days during any calendar year);

(iv) A failure by the Company at any time to renew this Agreement for successive one-year periods pursuant to Section 2;

(v) The complete liquidation of the Company; or

(vi) In the event of a merger, consolidation, transfer, or closing of a sale of all or substantially all the assets of the Company with or to any other individual or entity, the failure of the Company’s successor to affirmatively adopt this Agreement (no later than the closing of the applicable transaction) or to otherwise comply with its obligations pursuant to Section 13 below.

Notwithstanding the foregoing, at any time prior to a Change of Control, the Executive will not be deemed to have resigned for Good Reason for purposes of subclause (i) unless (1) the Executive provides the Board with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason (the “Good Reason Notice”) within one hundred twenty (120) days after the date of the occurrence of any event that the Executive knows to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice or prior to a Change of Control, whichever shall occur earlier, and (3) the effective date of the Executive’s termination for Good Reason occurs no later than thirty (30) days after the expiration of the Company’s cure period; provided, however, that if the Executive reasonably believes that circumstances constituting “Good Reason” for the Executive to terminate his/her employment under this Agreement will exist immediately following a Change of Control or Externalization of Management, then the Executive may provide the Company with a Good Reason Notice no later than five (5) business days prior to the consummation of such Change of Control or Externalization of Management (and in such event the Company shall not be entitled to a period to cure) and the Executive’s resignation for Good Reason, if accepted by the Board, shall be deemed effective and binding on the Company (and any successor thereto) as of such time as may be determined by the Board (provided that any such effective time shall not be earlier than immediately following the consummation of the Change of Control or Externalization of Management). Following a Change of Control or Externalization of Management, in order to resign for Good Reason, the Executive must provide a Good Reason Notice, but the Company shall not be entitled to a cure period. In addition, following a Change of Control, the

determination of whether to accept the Executive's resignation for Good Reason shall be determined by the "Review Committee" as set forth in sub-section (g) below.

In the event of a termination under this Section 6(e), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

For purposes of this Agreement, "Third-Party External Management Company" is defined as follows: an entity engaged to externally manage some or all of the Company's assets and/or operations that is not (i) a majority-owned subsidiary of the Company or otherwise controlled by the Company, (ii) owned, in whole or in part, by the Executive or otherwise controlled by the Executive or (iii) an entity for which the Executive serves as a director or officer (or for which the Executive otherwise acts as a manager or fiduciary).

**(f) Termination By The Executive Without Good Reason.** The Executive may at any time during the Term terminate her employment hereunder for any reason or no reason by giving the Company notice in writing not less than sixty (60) days in advance of such termination. The Executive shall have no further obligations to the Company after the effective date of termination, as set forth in the notice. In the event of a termination by the Executive under this Section 6(f), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(g) Administration of Agreement Upon Change of Control.** Notwithstanding anything herein to the contrary, in the event of a Change of Control, prior to and in any event not later than ten (10) days before the consummation of such Change of Control, the Company may designate a committee of two or more members of the Board as constituted immediately prior to the Change of Control (the "Review Committee") for the purpose of making any determination as to whether, solely for purposes of this Agreement, Executive's employment is terminated with or without Cause or if Executive's resignation is with or without Good Reason; provided that, in any Change of Control in which two or more members of the Board as constituted immediately prior to the Change of Control shall continue to act as members of the Board of the Company (or act as members of the board of directors or board of trustees (or otherwise as fiduciaries)) of any successor or parent entity of the Company) following such Change of Control, the Company shall be required to designate such a Review Committee. For the avoidance of doubt, any such Review Committee shall have the sole authority and responsibility to review, and be authorized to accept, in its sole discretion, any Good Reason Notice submitted by the Executive pursuant to Section 6 during the 24-month period following a Change of Control.

**7. Compensation Upon Termination By the Company without Cause or By The Executive for Good Reason.**

(a) If the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason, the Executive shall be entitled to the following payments, vesting, consideration, and benefits:

(i) **Payment of Unpaid Base Salary.** The Company shall immediately pay the Executive any portion of the Executive's Base Salary through the date of termination or previously awarded bonus not paid prior to the termination date.

(ii) **Severance Payment.**

(A) In the event such termination is not a CIC Termination (as defined below), then the Company shall provide the Executive (x) an amount equal to one (1.0) times the sum of (i) Executive's Annual Base Salary as in effect immediately prior to her termination and (ii) Executive's Target Bonus in effect immediately prior to her termination and (y) an amount equal to the Executive's Target Bonus in effect immediately prior to her termination pro-rated for the number of days of employment completed by the Executive during the year in which her employment is terminated.

(B) In the event such termination of employment occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management (a "CIC Termination"), then instead of providing the payments in Section 7(a)(ii)(A), the Company shall provide the Executive an amount equal to the sum of (x) the Executive's Target Bonus in effect immediately prior to her termination, prorated for the number of days of employment completed by the Executive during the year in which her employment terminated; (y) one-and-one-quarter (1.25) times the Executive's Annual Base Salary as in effect immediately prior to her termination; and (z) one-and-one-quarter (1.25) times the Executive's Target Bonus in effect immediately prior to her termination. Notwithstanding the foregoing, the maximum aggregate amount that the Company shall pay to the Executive pursuant to this Section 7(a)(ii)(B) is \$5,000,000.

(iii) **Equity Awards.** All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Company without Cause, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable or exercisable based on (x) the performance goals set forth in the applicable award agreement by

which such awards are evidenced and (y) a reduced number of target shares adjusted on a pro-rata basis to reflect the number of days of employment completed during the applicable vesting period in which termination occurs, with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Executive for Good Reason, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 7(a)(iii) shall apply, mutatis mutandis, to any such award(s).

**(iv) Continuation of Fringe Benefits.** For a period of up to twelve (12) months (or, in the event of a CIC Termination, fifteen (15) months) following the date of the Executive's termination of employment with Company, subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder, the Company shall continue to provide the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Employee's elections in effect on the date of termination (the "Continued Coverage"), provided that (1) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A of the Code under Treasury Regulation Section 1.409A-1(a)(5), or (2) the Company is otherwise unable to continue to cover the Executive under its group health plans without penalty under applicable law (including without limitation, Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), the Company may in its sole discretion provide that (i) the Executive shall pay to the Company, on an after-tax basis, a monthly amount equal to the full premium cost of the Continued Coverage for such month and (ii) within 30 days of such premium payment, the Company shall reimburse the Executive in cash (less required withholding) an amount equal to the sum of (A) the excess of (x) the full premium cost of the Continued Coverage for such month over (y) any premium amount that would have been payable by the Executive if the Executive



had been actively employed by the Company for such month and (B) an additional cash amount equal to the aggregate imputed or imposed federal, state and local taxes on any such amount in subclause (A), plus any taxes imposed on such cash amount, so that the Executive on an after-tax basis is in the same position as if there had been no imputation or imposition of income on the Executive. For the twelve (12) month (or, in the event of a CIC Termination, fifteen (15) month) period following the termination of the Executive's employment, the Company shall also continue to provide the Executive with all life insurance, disability insurance and other fringe benefits set forth in Section 4 as if the Executive's employment under the Agreement had not been terminated; provided, however, that such life insurance, disability insurance and other fringe benefits shall cease as of the date the Executive receives such coverage from a subsequent employer.

**(v) Payment/Benefit Limitation.** If any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive receives or is entitled to receive from the Company or any of its subsidiaries, affiliates or related entities, would (if paid or provided) constitute an "excess parachute payment" for purposes of Section 280G of the Code, the amounts otherwise payable and benefits otherwise due under this Agreement will either (i) be delivered in full, or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code (and therefore, no portion thereof will be subject to the excise tax imposed under Section 4999 of the Code), whichever of the foregoing amounts, taking into account applicable federal, state and local income and employment taxes and the excise tax imposed under Section 4999 of the Code, results in the receipt by the Executive, on an after-tax basis, of the greatest amount of payments and benefits, notwithstanding that all or some portion of such payments and/or benefits may be subject to the excise tax imposed under Section 4999 of the Code. Unless otherwise specified in writing by the Executive, in the event that the payments and/or benefits are to be reduced pursuant to this Section 7(a)(v), such payments and benefits shall be reduced such that the reduction of cash compensation to be provided to the Executive as a result of this Section 7 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All determinations required to be made under this Section 7(a)(v) shall be made by the Company's independent public accounting firm (or such other nationally recognized public accounting firm as may be selected by the Company and to which selection the Executive consents (such consent not to be unreasonably withheld)) which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the

Executive that there has been a payment or benefit subject to this Section 7(a)(v), or such earlier time as is requested by the Company.

**(b) No Mitigation Required; No Other Entitlement To Benefits Under Agreement.** The Executive shall not be required in any way to mitigate the amount of any payment provided for in this Section 7, including, without limitation, by seeking other employment, nor shall the amount of any payment provided for in this Section 7 be reduced by any compensation earned by the Executive as the result of employment with another employer after the termination date of employment, or otherwise. Except as set forth in this Section 7, following a termination governed by this Section 7, the Executive shall not be entitled to any other compensation or benefits set forth in this Agreement, except as may be separately negotiated by the parties and approved the Board in writing in conjunction with the termination of the Executive's employment under this Section 7.

**(c) Release Agreement.** (i) As a condition of receiving any of the payments, vesting, consideration and benefits set forth in this Section 7 (other than the payment provided for in sub-section 7(a)(i)) at any time prior to a Change of Control, the Executive shall be required to execute a mutual release agreement substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and such release agreement must have become effective in accordance with its terms within 60 days following the termination date (which form of mutual release agreement the Company, in its sole discretion, may modify to comply with applicable law, and which form of mutual release agreement may be incorporated into a termination agreement or other agreement with the Executive).

(ii) With respect to the Executive's receipt of any of the payments, vesting, consideration and benefits set forth in this Section 7 at the time of, or following, a Change of Control or Externalization of Management, the Executive shall not be required to execute any type of release or general release agreement in favor of the Company; provided that, in connection with any termination of the Executive's employment by the Company without "Cause" or any termination of the Executive's employment by the Executive for "Good Reason", the Executive has the option to require the Company to enter into and execute a mutual release agreement with the Executive substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and, if so required by the Executive, the Company and the Executive agree that such release agreement must be executed and have become effective in accordance with its terms within 60 days following the termination date.

**(d) Timing of Severance Payments.** Notwithstanding any other provision of this Agreement, all severance payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable in an amount equal to 75% of such payments on the date that is six months after the termination date, and the remaining 25%

shall be payable in six equal monthly installments beginning on the date that is seven months after the termination date and continuing on the same date of each of the five months thereafter.

**(e) Timing of Bonus Payments.** Notwithstanding any other provision of this Agreement, all bonus payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable on the date that is six months after the termination date.

**8. Disputes Relating To Executive's Termination of Employment For Good Reason.** If the Executive resigns her employment with the Company alleging in good faith as the basis for such resignation "Good Reason" as defined in Section 6(e), and if the Company then disputes the Executive's right to the payments, vesting, consideration, and benefits provided for under Section 7, the Company shall continue to pay the Executive the full compensation (including, without limitation, her Base Salary, annual bonus and equity-based long-term incentive awards) in effect at the date the Executive provided written notice of such resignation, and the Company shall continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was then a participant, and provide continuing vesting for any compensation, award or benefit with a vesting condition, until the date the dispute is finally resolved, either by mutual written agreement of the parties or by application of the provisions of Section 11. For the purposes of this Section 8, the Company shall bear the burden of proving that the grounds for the Executive's resignation do not fall within the scope of Section 6(e), and there shall be a rebuttable presumption that the Executive alleged such grounds in good faith.

#### **9. Restrictive Covenant Provisions.**

**(a) Noncompetition.** The Executive agrees that during the Term prior to any termination of her employment hereunder, she will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, manage, operate, join, control, participate in, or be connected as a stockholder (other than as a holder of shares publicly traded on a stock exchange or the NASDAQ National Market System), partner, or other equity holder with, or as an officer, director or employee of, any real estate or mortgage investment organization whose business strategy is competitive with that of the Company, as determined by a majority of the non-employee members of the Board. It is further expressly agreed that the Company will or would suffer irreparable injury if the Executive were to compete with the Company or any subsidiary or affiliate of the Company in violation of this Agreement and that the Company would by reason of such competition be entitled to injunctive relief in a court of appropriate jurisdiction, and the Executive further consents and stipulates to the entry of such injunctive relief in such a court prohibiting the Executive from competing with the Company or any subsidiary or affiliate of the Company, in the areas of business set forth above, in violation of this Agreement.

**(b) Duty To Avoid Conflict Of Interest.** During her employment by the Company, the Executive agrees not to engage or participate in, directly or indirectly, any activities in conflict with the best interests of the Company. The Company shall be the final decision-maker with regard to any conflict of interest issue.

**(c) Right To Company Materials.** The Executive agrees that all styles, designs, lists, materials, books, files, reports, correspondence, records, and other documents (“Company Materials”) used, prepared, or made available to the Executive shall be and shall remain the property of the Company. Upon the termination of employment or the expiration of this Agreement, the Executive shall immediately return to the Company all Company Materials, and the Executive shall not make or retain any copies thereof.

**(d) Nonsolicitation.** The Executive agrees that during the Term prior to any termination of her employment hereunder, she will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, solicit any of the Company’s employees to work for any competing real estate or mortgage investment organization as determined under Section 9(a).

**(e) Confidential And Proprietary Information.**

**(1)** It is hereby acknowledged that the Executive has and shall gain knowledge of trade secrets and confidential information owned by or related to the Company and/or its affiliates including but not limited to the following: (i) the names, lists, buying habits and practices of customers, clients or vendors, (ii) marketing and related information, (iii) relationships with the persons or entities with whom or with which the Company has contracted, (iv) their products, designs, software, developments, improvements and methods of operation, (v) financial condition, profit performance and financial requirements, (vi) the compensation paid to employees, (vii) business plans and the information contained therein, and (viii) all other confidential information of, about or concerning the Company, the manner of operation of the Company and other confidential data of any kind, nature or description relating to the Company (collectively, the “Confidential Information”). Confidential Information does not include information which (A) is or becomes generally available to the public other than as a result of a disclosure by the Executive; or (B) becomes available to the Executive on a non-confidential basis after the termination or expiration of the Executive’s obligations under this Agreement from a source other than the Company, provided that such source is not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Company or any other party with respect to such information; or (C) is independently developed after the termination or expiration of the Executive’s obligations under this agreement without reference to the Confidential Information, provided such independent development can reasonably be proven by the Executive by written records.

(2) The parties hereby acknowledge that the Confidential Information constitutes important, unique, material and confidential trade secrets which affect the successful activities of the Company, and constitute a substantial part of the assets and goodwill of the Company. In view of the foregoing, the Executive agrees that she will not at any time whether during or after the term of this Agreement, except as required in the course of the Executive's employment by Company and at its direction and for its sole benefit, in any fashion, form or manner, directly or indirectly (i) use or divulge, disclose, communicate or provide or permit access to any person, firm, partnership, corporation or other entity, any Confidential Information of any kind, nature or description, or (ii) remove from Company's premises any notes or records relating thereto, or copies or facsimiles thereof (whether made by electronic, electrical, magnetic, optical, laser, acoustic or other means).

(3) Promptly upon the request of Company, and immediately upon the termination of the Executive's employment, the Executive shall not transfer to any third person and shall deliver to Company all Confidential Information, and other property belonging to the Company, including all copies thereof, in the possession or under the control of the Executive.

(4) The Executive represents that the performance of all the terms of this Agreement will not conflict with, and will not breach, any other invention assignment agreement, confidentiality agreement, employment agreement or non-competition agreement to which the Executive is or has been a party. To the extent that the Executive has confidential information or materials of any former employer, the Executive acknowledges that the Company has directed the Executive to not disclose such confidential information or materials to the Company or any of its employees, and that the Company prohibits the Executive from using said confidential information or materials in any work that the Executive may perform for the Company. The Executive agrees that the Executive will not bring with the Executive to the Company, and will not use or disclose any confidential, proprietary information, or trade secrets acquired by the Executive prior to her employment with the Company. The Executive will not disclose to the Company or any of its employees, or induce the Company or any of its employees to use, any confidential or proprietary information or material belonging to any previous employers or others, nor will the Executive bring to the Company or use in connection with the Executive's work for the Company copies of any software, computer files, or any other copyrighted or trademarked materials except those owned by or licensed to the Company. The Executive represents that she is not a party to any other agreement that will interfere with her full compliance with this Agreement. The Executive further agrees not to enter into any agreement, whether written or oral, in conflict with the provisions of this Agreement.

(5) Notwithstanding the generality of the foregoing, nothing in this Agreement is intended to prohibit the Executive from filing a charge with, reporting possible violations to, or participating or cooperating with the Securities and Exchange Commission or any other federal, state or local regulatory body or law enforcement agency, including in relation to any whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation. Pursuant to 18 U.S.C. Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

**(f) Inventions.** Any and all inventions, discoveries or improvements that the Executive has conceived or made or may conceive or make during the period of employment relating to or in any way pertaining to or connected with the systems, products, computer programs, software, apparatus or methods employed, manufactured or constructed by the Company or to systems, products, apparatus or methods with respect to which the Company engages in, requests or anticipates research or development, shall be promptly and fully disclosed and described by the Executive to the Company and shall be the sole and exclusive property of the Company, and the Executive shall assign, and hereby does assign, to the Company, the Executive's entire right, title and interest in and to all such inventions, discoveries or improvements as well as any modifications or improvements thereto that may be made.

The obligations outlined in this Section 9(f) do not apply to any invention that qualifies fully under California Labor Code Section 2870 (a copy of which is attached hereto as Exhibit C) or to any rights the Executive may have acquired in connection with an invention, discovery or improvement that was developed entirely on the Executive's own time for which no equipment, supplies, facilities or trade secret information of the Company was used and (a) that does not relate directly or indirectly to the business of the Company or to the Company's actual or demonstrable anticipated research or development, or (b) that does not result from any work performed by the Executive for the Company.

**(g) [RESERVED]**

**(h) Breach.** It is expressly agreed that each breach of this Section 9 is a distinct and material breach of this Agreement and that solely a monetary remedy would be inadequate, impracticable and extremely difficult to prove, and that each such breach would cause the Company irreparable harm. It is further agreed that, in addition to any and all remedies available at law or equity (including money damages), either party shall be entitled to temporary and

permanent injunctive relief to enforce the provisions of this Section, without the necessity of proving actual damages. It is further agreed that either party shall be entitled to seek such equitable relief in any forum, including a court of law, notwithstanding the provisions of Section 11. Either party may pursue any of the remedies described herein concurrently or consecutively in any order as to any such breach or violation, and the pursuit of one of such remedies at any time will not be deemed an election of remedies or waiver of the right to pursue any of the other such remedies.

**(i) Unenforceability.** Should any portion of this Section 9 be deemed unenforceable because of its scope, duration or effect, and only in such event, then the parties expressly consent and agree to such limitation on scope, duration or effect as may be finally adjudicated as enforceable, to give this Section 9 its maximum permissible scope, duration and effect.

**10. Notices.** All notices and other communications under this Agreement shall be in writing and shall be given by fax or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three (3) days after mailing or twenty-four (24) hours after transmission of a fax to the respective persons named below:

If to the Company: Redwood Trust, Inc.  
Attn: Chief Legal Officer  
One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373  
Fax: (415) 381-1773

If to the Executive: Brooke E. Carillo  
c/o Redwood Trust, Inc.  
One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373  
Fax: (415) 381-1773

Either party may change such party's address for notices by notice duly given pursuant hereto.

**11. Resolution of Disputes.** To ensure the rapid and economical resolution of disputes that may arise in connection with the Executive's employment with the Company, the Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the enforcement, breach, performance, or interpretation of this

Agreement, the Executive's employment, or the termination of the Executive's employment ("Arbitrable Claims") shall be submitted to confidential mediation in San Francisco, California conducted by a mutually agreeable mediator from Judicial Arbitration and Mediation Services ("JAMS") or its successor under the JAMS Rules of Practice and Procedure then in effect, which can be found at [www.jamsadr.com/adr-rules-procedures](http://www.jamsadr.com/adr-rules-procedures). The cost of all JAMS' mediation fees shall be paid by the Company. In the event that mediation is unsuccessful in resolving the Arbitrable Claims, the Arbitrable Claims shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Francisco, California conducted by JAMS or its successor, under the then applicable rules of JAMS.

**The Executive and the Company each acknowledge that by agreeing to this arbitration procedure, both the Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.**

The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that the Executive or the Company would be entitled to seek in a court of law. With respect to attorney's fees, the arbitrator shall award to the Executive her attorneys' fees based on a determination of the extent to which the Executive has prevailed as to the material issues raised in determination of the dispute (and, for the avoidance of doubt, regardless of the extent to which the Company has prevailed as to the material issues raised in determination of the dispute, the arbitrator is not authorized to award to the Company any portion of its attorney's fees); and, moreover, to the extent the Executive prevails as to substantially all of the material issues raised in determination of the dispute, the arbitrator shall award to the Executive all of her attorneys' fees. The Company shall pay all JAMS' arbitration fees. Nothing in this Agreement is intended to prevent either the Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such mediation or arbitration.

**12. Advancement of Executive's Legal Fees.** In connection with the resolution of any dispute in accordance with Section 11, the Company shall advance to the Executive all reasonable attorneys' fees of the Executive as they are incurred and reasonably documented by the Executive in respect of any mediation, arbitration or litigation related thereto. The Executive shall not be required to reimburse the Company for any such advances of attorney's fees until a final determination is made with respect to such dispute and, then, the Executive's obligation to repay any such advances shall, (i) in the context of mediation or arbitration, be subject to an affirmative determination of the mediator or arbitrator that the Executive is obligated to repay such advances and (ii) in the context any litigation, be subject to the condition that substantially



all of the material issues raised in such litigation have been resolved by a final (non-appealable) judgement in favor of the Company.

**13. Assignment; Successors.** This Agreement is personal in its nature, and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that, in the event of the merger, consolidation, transfer, or sale of all or substantially all of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

**14. Governing Law.** This Agreement and the legal relations thus created between the parties hereto shall be governed by and construed under and in accordance with the laws of the State of California.

**15. Entire Agreement; Headings.** This Agreement embodies the entire agreement of the parties with respect to the subject matter hereof and supersedes in their entirety all other or prior agreements, whether oral or written, with respect thereto, including but not limited to the Prior Agreement, but excluding the plans, programs and equity award agreements under which compensation and benefits are provided pursuant to Sections 3 and 4 hereof (and, to the extent such plans, programs and/or equity award agreements contain more favorable terms, such terms shall continue to apply). Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

**16. Waiver; Modification.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

**17. Severability.** In the event that a court of competent jurisdiction determines that any portion of this Agreement is in violation of any statute or public policy, only the portions of this Agreement that violate such statute or public policy shall be stricken. All portions of this Agreement that do not violate any statute or public policy shall continue in full force and effect. Further, any court order striking any portion of this Agreement shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties under this Agreement.

**18. Indemnification.** The Company shall indemnify and hold Executive harmless to the maximum extent permitted by Section 2-418 of the Maryland General Corporations Law or its successor statute, or if greater, by the Company's Bylaws, by any applicable resolution of the Board or by the terms providing the most extensive indemnification contained in any written agreement between the Company and any director or officer of the Company. The Company shall make Executive a named beneficiary under all director and officer liability policies maintained by the Company from time to time for the benefit of its directors and officers, entitled to all benefits provided thereunder to persons serving in a comparable role as an officer of the Company. During the Term and for a term of six years thereafter, the Company shall purchase and maintain, at its own expense, directors and officers liability insurance providing coverage for Executive in respect of acts and omissions of the Executive in her capacity as such and occurring during Executive's employment.

**19. Section 409A.** Any payments under this Agreement subject to Section 409A of the Code that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as a termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits shall be paid to the Executive during the six (6)-month period following the Executive's "separation from service" from the Company (within the meaning of Section 409A of the Code, a "Separation from Service") if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period. Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Agreement may only be made upon the Executive's "separation from service" from the Company.

**20. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

**21. Successor Sections.** References herein to sections or rules of the Code shall be deemed to include any successor sections or rules.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the Effective Date.

**REDWOOD TRUST, INC.**

By: /s/ Christopher J. Abate  
Christopher J. Abate  
Chief Executive Officer

**EXECUTIVE**

/s/ Brooke E. Carillo  
Brooke E. Carillo

**EXHIBIT A**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Brooke E. Carillo (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and her heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement.

This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and

Restated Employment Agreement with the Company(the “Employment Agreement”), the Company’s bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company’s payment obligations under Section 7 of the Employment Agreement, as well as the Company’s other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive’s vested equity awards and other awards, or (v) claims relating to or arising out of the Executive’s fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under her Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not to do so); (C) Executive has twenty-one (21) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; and (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party’s release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any

federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.

(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii) made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the

Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*



**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Brooke E. Carillo

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Brooke E. Carillo (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and her heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement. This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and Restated

Employment Agreement with the Company (the "Employment Agreement"), the Company's bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company's payment obligations under Section 7 of the Employment Agreement, as well as the Company's other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive's vested equity awards and other awards, or (v) claims relating to or arising out of the Executive's fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under her Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not to do so); (C) Executive has forty-five (45) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement; and (F) Executive has received with this Release Agreement a detailed list of the job titles and ages of all employees who were terminated in this group termination and the ages of all employees of the Company in the same job classification or organizational unit who were not terminated.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party's release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.

(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental

testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii) made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Brooke E. Carillo

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**  
**Section 2870 of California Labor Code**

Section 2870 of California Labor Code: Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a. Any provision and employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities or trade secret information except for those inventions that either:

1. Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
2. Result from any work performed by the employee for the employer.

b. To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

**EXHIBIT D**  
**DEFINITION OF “CHANGE OF CONTROL”**

“Change of Control” refers to the occurrence of any of the following:

(a) A transaction or series of transactions (other than an offering of common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 30% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(b) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c) of this definition) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(c) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and



(ii) after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 30% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.”

## EXHIBIT E

### COPY OF REDWOOD TRUST, INC.'S POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The Board of Directors (the “*Board*”) of Redwood Trust, Inc. (the “*Company*”) has adopted this Policy for Recovery of Erroneously Awarded Compensation (the “*Policy*”), effective as of October 2, 2023 (the “*Effective Date*”). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

#### 1. Persons Subject to Policy

This Policy shall apply to current and former Designated Officers of the Company.

#### 2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is “received” shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is “received” in the Company’s fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

#### 3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Designated Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person’s right to voluntarily terminate employment for “good reason,” or due to a “constructive termination” (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

#### 4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation, Erroneously Awarded Compensation or time-vesting equity or cash awards, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other

compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

#### **5. Administration**

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the “Committee” shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders or stockholders, and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, or to third-party agents of the Company, as permitted under applicable law, including any Applicable Rules.

#### **6. Interpretation**

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

#### **7. No Indemnification; No Liability**

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person’s potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

#### **8. Application; Enforceability**

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to (but without duplication of), any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based or cash-based plan or award agreement

thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the “*Other Recovery Arrangements*”). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

#### **9. Severability**

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

#### **10. Amendment and Termination**

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

#### **11. Definitions**

“*Applicable Rules*” means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company’s securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company’s securities are listed.

“*Committee*” means the Compensation Committee of the Board, for so long as it is comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee or such independence, a majority of the independent directors (or as determined under the Applicable Rules) serving on the Board.

“*Designated Officer*” means each designated person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

“*Erroneously Awarded Compensation*” means the amount of Incentive-Based Compensation received by a current or former Designated Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Designated Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Reporting Measure*” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements,

and any measures derived wholly or in part from such measures, including GAAP and non-GAAP financial measures, as well as stock or share price and total equityholder or stockholder return.

“**GAAP**” means United States generally accepted accounting principles.

“**Impracticable**” means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempt(s) to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association or (b) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“**Incentive-Based Compensation**” means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as a Designated Officer; (b) who served as a Designated Officer at any time during the performance period for that compensation; (c) while the Company has a class of securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“**Restatement**” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Three-Year Period**” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

**THIRD AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This Third Amended and Restated Employment Agreement (“Agreement”), effective as of August 6, 2024 (the “Effective Date”), is entered into by and between **Fred J. Matera** (the “Executive”) and **Redwood Trust, Inc.**, a Maryland corporation (the “Company”), and amends and restates in its entirety that certain Second Amended and Restated Employment Agreement by and between the Executive and the Company dated November 3, 2023 (the “Prior Agreement”).

The Company desires to establish its right to the continued services of the Executive, in the capacity, on the terms and conditions, and subject to the rights of termination hereinafter set forth, and the Executive is willing to accept such continued employment in such capacity, on such terms and conditions, and subject to such rights of termination.

In consideration of the mutual agreements hereinafter set forth, the Executive and the Company have agreed and do hereby agree as follows:

**1. Employment and Responsibilities.** During the Term, the Executive shall serve as the sole Chief Investment Officer of the Company, reporting to the Chief Executive Officer of the Company, with responsibilities, duties and authority customary for such position and with a principal Company office of Executive in **Englewood, Colorado**. The Executive does hereby accept and agree to such continued employment. The Chief Executive Officer may, from time to time, in his sole discretion, modify, reassign and/or augment the Executive’s responsibilities, subject to prior approval by the Board of Directors of the Company (the “Board”), and any such modification, reassignment and/or augmentation shall be deemed a waiver by the Executive of his rights under Section 6(e)(i) hereof only with his express prior written consent. Any such modification, reassignment or augmentation of responsibilities shall be in writing. The Executive shall devote such time, energy and skill to the performance of his duties for the Company and for the benefit of the Company as may be necessary or required for the effective conduct and operation of the Company’s business.

**2. Term of Agreement.** The term of this Agreement (the “Term”) shall commence on the Effective Date and shall continue through December 31, 2024; provided, however, that (i) on January 1, 2025 and each succeeding January 1, the Term shall automatically be extended for one additional year unless, not later than three months prior to any such January 1, either party shall have given written notice to the other that it does not wish to extend the Term and (ii) such one year extensions of the Term shall not occur on and after the January 1 of the year in which

the Executive will attain age sixty-five (65) but instead the Term shall be extended only until the date of the Executive's sixty-fifth (65th) birthday.

### **3. Compensation.**

**(a) Base Salary.** The Company shall pay the Executive, and the Executive agrees to accept from the Company, in payment for his services to the Company a base salary (the "Base Salary") at the rate of not less than \$800,000 per year, paid in accordance with the customary payroll practices of the Company subject to annual review and increase by the Board in its sole discretion (or by the Board's separately designated Compensation Committee in its sole discretion). For the avoidance of doubt, references to the Board in this Section 3 shall include the Board's separately designated Compensation Committee.

**(b) Performance Bonus.** The Executive shall be eligible to receive an annual bonus. The Board in its discretion will determine whether such annual bonus will be paid, the amount of such bonus and its form of payment. The Executive's target annual bonus amount is 185% of his Base Salary or such greater amount as may subsequently be established by the Board (the "Target Bonus"). During the first ninety (90) days of each calendar year, the Board, in consultation with the Chief Executive Officer, shall establish the performance goals applicable to such year's annual bonus opportunity, as well as the framework for awarding an annual bonus that is higher or lesser than the Target Bonus. Such criteria shall be established by the Board, after consultation with the Executive, and pursuant to a process that is consistent with past practice. If the Board determines in its discretion that the Executive's performance meets or exceeds the criteria established by the Board for the award of a Target Bonus, the Board may award the Executive the Target Bonus or a higher amount. Likewise, if the Board determines in its discretion that the Executive's performance does not meet said criteria, the Board may award a lesser amount, or no bonus may be awarded. Unless otherwise provided in this Agreement, the Executive's eligibility to receive any bonus under this paragraph shall be expressly conditioned on, among other things, the Executive remaining employed with the Company up through any designated distribution date set by the Board.

Notwithstanding the foregoing paragraph, in the event of a "Change of Control" (as defined in Exhibit D attached hereto) or an Externalization of Management (as defined in herein), immediately prior to such Change of Control or Externalization of Management the Company shall be obligated to pay the Executive: (A) when such Change of Control or Externalization of Management occurs during a calendar year in respect of which no annual bonus has yet been paid, a pro-rated annual bonus for such calendar year, based on the number of days in such calendar year prior to the Change of Control or Externalization of Management; and (B) when such Change of Control or Externalization of Management occurs after the conclusion of a calendar year in respect of which no annual bonus has yet been paid (i.e., such Change of Control or Externalization of Management occurs after December 31st, but

before the designated payment date for the annual bonus in respect of such completed calendar year), an annual bonus for such completed calendar year. In the case of both of the preceding clauses (A) and (B), such amounts shall each be separately subject to any cap on Executive's annual bonus previously established by the Board (or any committee thereof) and shall each be determined in accordance with the criteria most recently designated by the Board (or any committee thereof) for the determination of such amounts, as follows: (I) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the financial performance of the Company with respect to a calendar year, shall be paid in amounts based on the attainment of such criteria (on an annualized basis, if in respect of less than a full calendar year), through the date immediately prior to such Change of Control or Externalization of Management (or, as applicable, through the end of any such completed calendar year) and in accordance with the methodology previously approved by the Board (or any committee thereof) for payment of such amounts of annual bonus (i.e., an amount at, higher, or lower than the target amounts for such portions of annual bonus); and (II) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the individual performance of the Executive, shall be paid in amounts equal to the target amount of such portion of the Executive's annual bonus.

**(c) Equity Incentive Awards.** The Executive shall be eligible to receive grants of equity-based long-term incentive awards, which may include options to purchase Company stock, performance or restricted stock units and Company restricted stock contributions to Company's deferred compensation plan, or other equity-based awards. Such awards shall be determined in the discretion of the Board and the Executive shall be eligible for consideration for such awards in the same manner as other senior executive officers of the Company. In the event of a Change of Control in which the surviving or acquiring corporation does not assume the Executive's outstanding equity-related awards (including options and equity-based awards granted both before and after the Effective Date) or substitute similar equity-related awards of substantially equivalent value, such equity-related awards shall immediately vest and become exercisable if the Executive's service with the Company has not terminated before the effective date of the Change of Control; provided, however, that the foregoing provision shall only apply if the Company is not the surviving corporation or if shares of the Company's common stock are converted into or exchanged for other securities or cash.

**(d) Annual Review.** The Executive's performance shall be reviewed periodically. The performance evaluations shall consider and assess the Executive's performance of his duties and responsibilities, the accomplishment of established performance objectives, and/or other factors or criteria that the Board, in its sole



discretion, may deem relevant. The frequency of performance evaluations may vary depending upon, among other things, length of service, past performance, changes in job duties or performance levels, but generally would occur on an annual basis. The Board shall, at least annually, review the Executive's entire compensation package to determine whether it continues to meet the Company's compensation objectives. Such annual review will include a determination of (i) whether to increase the Base Salary in accordance with Section 3(a); (ii) the incentive performance bonus to be awarded in accordance with Section 3(b); and (iii) the amount and type of any equity awards granted in accordance with Section 3(c). Salary increases and incentive bonus awards are solely within the discretion of the Board and may depend upon many factors other than the Executive's performance.

**(e) Acknowledgement of Company's Policy for Recovery of Erroneously Awarded Compensation.** A copy of the Company's Policy for Recovery of Erroneously Awarded Compensation (the "Erroneously Awarded Compensation Policy") is attached as Exhibit E hereto. The Executive hereby acknowledges such Erroneously Awarded Compensation Policy and agrees to the terms thereof and understands that compensation received by the Executive may be subject to reduction, cancellation, forfeiture and/or recoupment in accordance with, and to the extent necessary, for the Company to comply with the Erroneously Awarded Compensation Policy, notwithstanding any other agreement to the contrary. The Executive further acknowledges and agrees that he is not entitled to indemnification to compensate him for any such reduction, cancellation, forfeiture and/or recoupment of compensation under such Erroneously Awarded Compensation Policy and expressly waives any rights to such indemnification under the Company's organizational documents, under this Agreement, and/or any indemnification agreement between the Executive and the Company, or otherwise.

**(f) Erroneous Underpayment of Compensation.** With respect to any Incentive Based Compensation (as defined in the Erroneously Awarded Compensation Policy) granted to the Executive during the Term, if a Restatement (as defined in the Erroneously Awarded Compensation Policy) results in an applicable restated Financial Reporting Measure (as defined in the Erroneously Awarded Compensation Policy) being positively impacted (i.e., being increased rather than decreased), the Executive will be entitled to receive additional compensation in an amount equal to the difference between the amount of Incentive Based Compensation the Executive should have received (i.e., based on the restated Financial Reporting Measure) and the amount of Incentive Based Compensation the Executive received (i.e., based on the original, non-restated Financial Reporting Measure) (the "Additional Compensation"). The terms and conditions of any Additional Compensation (including, for example, the methodology for calculation of the amount of the Additional Compensation, and the form of, and vesting and payment terms applicable to, the Additional Compensation) shall be

determined by the Board or its Compensation Committee in its sole discretion in a manner consistent with the Erroneously Awarded Compensation Policy (to the extent applicable) and with any applicable plan, program and/or award agreement governing and/or evidencing such Incentive Based Compensation.

**4. Fringe Benefits.** The Executive shall be entitled to participate in any benefit programs adopted from time to time by the Company for the benefit of its senior executive officers, and the Executive shall be entitled to receive such other fringe benefits as may be granted to him from time to time by the Board.

**(a) Benefit Plans.** The Executive shall be entitled to participate in any benefit plans relating to equity-based compensation awards, pension, thrift, profit sharing, life insurance, medical coverage, education, deferred compensation, or other retirement or employee benefits available to senior executive officers of the Company, subject to any restrictions (including waiting periods) specified in such plans and/or related individual agreements. The Company shall make commercially reasonable efforts to obtain medical and disability insurance, and such other forms of insurance as the Board shall from time to time determine, for its senior executive officers.

**(b) Paid Time Off.** The Executive shall be entitled to paid time off each calendar year pursuant to the Company's policies applicable to senior executive officers of the Company, as in effect from time to time.

**5. Business Expenses.** The Company shall reimburse the Executive for any and all necessary, customary and usual expenses, properly receipted in accordance with Company policies, incurred by the Executive on behalf of the Company.

**6. Termination of Executive's Employment.**

**(a) Death.** If the Executive dies while employed by the Company, his employment shall immediately terminate. The Company's obligation to pay the Executive's Base Salary shall cease as of the date of the Executive's death, and any unpaid Base Salary shall be paid to the Executive's estate. In addition, (i) within fifteen (15) days of the Executive's death, the Company shall pay to the Executive's estate an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year of his death, and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive's beneficiaries or his estate shall receive benefits in accordance with the Company's retirement, insurance and other applicable programs

and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(a) shall apply, mutatis mutandis, to any such award(s).

**(b) Disability.** If, as a result of the Executive's incapacity due to physical or mental illness ("Disability"), the Executive shall have been unable to perform his duties to the Company for six (6) consecutive months, and, within thirty (30) days after written notice is provided to him by the Board, he shall not have resumed the performance of his duties, the Executive's employment under this Agreement may be terminated by the Company for Disability. During any period prior to such termination during which the Executive is unable to perform his duties to the Company due to Disability, the Company shall continue to pay the Executive his Base Salary at the rate in effect at the commencement of such period of Disability and any earned but unpaid annual bonus from a prior service year. Subsequent to such termination, the Executive's benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs. In addition, if such a termination for Disability occurs then (i) within fifteen (15) days of such termination, the Company shall pay to the Executive an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year in which his employment terminated and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive, the Executive's beneficiaries or his estate shall receive benefits in accordance with the Company's retirement, insurance and other applicable programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced

(but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(b) shall apply, mutatis mutandis, to any such award(s). Notwithstanding the foregoing provisions of this Section 6(b), if such a termination for Disability occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management, and such termination constitutes a Separation from Service (as defined below), then such termination shall be treated for purposes of this Agreement as termination by the Company of the Executive's employment without Cause and as a "CIC Termination", as applicable, pursuant to and as set forth in Section 6(d) and Section 7 below, respectively, and the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth therein in lieu of the payments, vesting, consideration, and benefits set forth in this Section 6(b).

**(c) Termination By The Company For Cause.** The Company may terminate the Executive's employment under this Agreement for Cause, at any time prior to expiration of the Term of the Agreement; provided, however, that prior to any termination of employment for Cause, the Board must first provide written notice describing the reason for such termination of employment (and, with respect to subsections (iv), (v) and (vi) below, such notice may be provided on the same date as the termination date). For purposes of this Agreement, "Cause" shall mean:

(i) the Executive's material failure to substantially perform the reasonable and lawful duties of his position for the Company, including any habitual or repeated neglect of such duties, which failure has caused, or could reasonably be expected to cause, significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(ii) acts or omissions constituting gross negligence, recklessness or willful misconduct on the part of the Executive in respect of the performance of his duties

hereunder, his fiduciary obligations or otherwise relating to the business of the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iii) unauthorized use or disclosure of trade secrets or confidential or proprietary information pertaining to Company business, which use or disclosure has caused, or could reasonably be expected to cause significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iv) acts or omissions constituting willful misconduct on the part of the Executive in respect of the performance of his fiduciary duty of loyalty to the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company;

(v) theft or embezzlement, or attempted theft or embezzlement, of money or tangible or intangible assets or property of the Company or its employees, customers, clients, or others having business relations with the Company;

(vi) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a non-vehicular felony, including, without limitation, a non-vehicular felony the elements of which involve fraud, dishonesty, or moral turpitude;

(vii) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a misdemeanor the elements of which involve fraud, dishonesty, or moral turpitude, and which is substantially related to the Executive's employment and duties to the Company; or

(viii) the Executive's commission of a crime the elements of which involve fraud, dishonesty, or moral turpitude, and which has caused, or could reasonably be expected to cause, material injury to the interests, property, operations, business or reputation of the Company.

In the event of a termination under this Section 6(c), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(d) Termination By The Company Without Cause.** The Company may terminate the Executive's employment hereunder at any time without Cause upon 30 days written notice to the Executive or pay in lieu thereof. In the event of a termination under this Section 6(d), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

**(e) Termination By The Executive For Good Reason.** The Executive shall have the right to terminate the Executive's employment under this Agreement for Good Reason, at any time prior to expiration of the Term of the Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence (without the Executive's express written consent that such occurrence does not constitute "Good Reason"), of any one or more of the following events:

**(i)** A material reduction in the Executive's responsibilities, title, duties or authority, including, without limitation, any of the following events, which are hereby deemed to have the effect of a material reduction in Executive's responsibilities, duties and authority: (A) the Executive ceasing to serve as the sole chief investment officer of a publicly traded company, (B) the Company entering into and consummating one or more agreements with one or more Third-Party External Management Companies (as defined below), which, when taken alone or together, provide for the external management of all or substantially all of the Company's assets and/or operations (an "Externalization of Management"), or (C) on or after a Change of Control, if as a result of such Change of Control, the Company becomes a subsidiary of another entity and the Executive is not appointed (or after appointment, ceases) to be the sole chief investment officer of the top-tier parent entity of the Company (or its successor); provided that, for the avoidance of doubt, the appointment of the Executive to a top-tier parent entity that is not publicly traded does not eliminate the Executive's rights under any of sub-clauses (A), (B) or (C) above;

**(ii)** A reduction in the Executive's Base Salary or in the Executive's Target Bonus or a material reduction by the Company in the value of the Executive's total compensation package (salary, bonus opportunity, equity incentive award opportunity and benefits) if such a reduction is not made in proportion to an across-the-board reduction for all senior executives of the Company (and for the avoidance of doubt, following a Change of Control, the reference to senior executives of the Company shall include, without limitation, all senior executives of any top tier parent entity of any acquiror of and/or successor to Redwood Trust, Inc.);

**(iii)** The relocation of the Executive's principal Company office to a location more than twenty-five (25) miles from its location as of the Effective Date (which location is the Company's office in Englewood, Colorado), except for required travel away from the Executive's principal Company office on the Company's business to the extent

necessary to fulfill the Executive's obligations under Section 1 (provided that any such travel explicitly required by the Company may not exceed thirty (30) days during any calendar year);

(iv) A failure by the Company at any time to renew this Agreement for successive one-year periods pursuant to Section 2;

(v) The complete liquidation of the Company; or

(vi) In the event of a merger, consolidation, transfer, or closing of a sale of all or substantially all the assets of the Company with or to any other individual or entity, the failure of the Company's successor to affirmatively adopt this Agreement (no later than the closing of the applicable transaction) or to otherwise comply with its obligations pursuant to Section 13 below.

Notwithstanding the foregoing, at any time prior to a Change of Control, the Executive will not be deemed to have resigned for Good Reason for purposes of subclause (i) unless (1) the Executive provides the Board with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason (the "Good Reason Notice") within one hundred twenty (120) days after the date of the occurrence of any event that the Executive knows to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice or prior to a Change of Control, whichever shall occur earlier, and (3) the effective date of the Executive's termination for Good Reason occurs no later than thirty (30) days after the expiration of the Company's cure period; provided, however, that if the Executive reasonably believes that circumstances constituting "Good Reason" for the Executive to terminate his/her employment under this Agreement will exist immediately following a Change of Control or Externalization of Management, then the Executive may provide the Company with a Good Reason Notice no later than five (5) business days prior to the consummation of such Change of Control or Externalization of Management (and in such event the Company shall not be entitled to a period to cure) and the Executive's resignation for Good Reason, if accepted by the Board, shall be deemed effective and binding on the Company (and any successor thereto) as of such time as may be determined by the Board (provided that any such effective time shall not be earlier than immediately following the consummation of the Change of Control or Externalization of Management). Following a Change of Control or Externalization of Management, in order to resign for Good Reason, the Executive must provide a Good Reason Notice, but the Company shall not be entitled to a cure period. In addition, following a Change of Control, the determination of whether to accept the Executive's resignation for Good Reason shall be determined by the "Review Committee" as set forth in sub-section (g) below.

In the event of a termination under this Section 6(e), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

For purposes of this Agreement, "Third-Party External Management Company" is defined as follows: an entity engaged to externally manage some or all of the Company's assets and/or operations that is not (i) a majority-owned subsidiary of the Company or otherwise controlled by the Company, (ii) owned, in whole or in part, by the Executive or otherwise controlled by the Executive or (iii) an entity for which the Executive serves as a director or officer (or for which the Executive otherwise acts as a manager or fiduciary).

**(f) Termination By The Executive Without Good Reason.** The Executive may at any time during the Term terminate his employment hereunder for any reason or no reason by giving the Company notice in writing not less than sixty (60) days in advance of such termination. The Executive shall have no further obligations to the Company after the effective date of termination, as set forth in the notice. In the event of a termination by the Executive under this Section 6(f), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(g) Administration of Agreement Upon Change of Control.** Notwithstanding anything herein to the contrary, in the event of a Change of Control, prior to and in any event not later than ten (10) days before the consummation of such Change of Control, the Company may designate a committee of two or more members of the Board as constituted immediately prior to the Change of Control (the "Review Committee") for the purpose of making any determination as to whether, solely for purposes of this Agreement, Executive's employment is terminated with or without Cause or if Executive's resignation is with or without Good Reason; provided that, in any Change of Control in which two or more members of the Board as constituted immediately prior to the Change of Control shall continue to act as members of the Board of the Company (or act as members of the board of directors or board of trustees (or otherwise as fiduciaries)) of any successor or parent entity of the Company) following such Change of Control, the Company shall be required to designate such a Review Committee. For the avoidance of doubt, any such Review Committee shall have the sole authority and responsibility to review, and be authorized to accept, in its sole discretion, any Good Reason Notice submitted by the Executive pursuant to Section 6 during the 24-month period following a Change of Control.

## **7. Compensation Upon Termination By the Company without Cause or By The Executive for Good Reason.**



(a) If the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason, the Executive shall be entitled to the following payments, vesting, consideration, and benefits:

(i) **Payment of Unpaid Base Salary.** The Company shall immediately pay the Executive any portion of the Executive's Base Salary through the date of termination or previously awarded bonus not paid prior to the termination date.

(ii) **Severance Payment.**

(A) In the event such termination is not a CIC Termination (as defined below), then the Company shall provide the Executive (x) an amount equal to one (1.0) times the sum of (i) Executive's Annual Base Salary as in effect immediately prior to his termination and (ii) Executive's Target Bonus in effect immediately prior to his termination and (y) an amount equal to the Executive's Target Bonus in effect immediately prior to his termination pro-rated for the number of days of employment completed by the Executive during the year in which his employment is terminated.

(B) In the event such termination of employment occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management (a "CIC Termination"), then instead of providing the payments in Section 7(a)(ii)(A), the Company shall provide the Executive an amount equal to the sum of (x) the Executive's Target Bonus in effect immediately prior to his termination, prorated for the number of days of employment completed by the Executive during the year in which his employment terminated; (y) one-and-one-half (1.5) times the Executive's Annual Base Salary as in effect immediately prior to his termination; and (z) one-and-one-half (1.5) times the Executive's Target Bonus in effect immediately prior to his termination. Notwithstanding the foregoing, the maximum aggregate amount that the Company shall pay to the Executive pursuant to this Section 7(a)(ii)(B) is \$5,000,000.

(iii) **Equity Awards.** All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Company without Cause, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable or exercisable based on (x) the performance goals set forth in the applicable award agreement by

which such awards are evidenced and (y) a reduced number of target shares adjusted on a pro-rata basis to reflect the number of days of employment completed during the applicable vesting period in which termination occurs, with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Executive for Good Reason, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 7(a)(iii) shall apply, mutatis mutandis, to any such award(s).

**(iv) Continuation of Fringe Benefits.** For a period of up to twelve (12) months (or, in the event of a CIC Termination, eighteen (18) months) following the date of the Executive's termination of employment with Company, subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder, the Company shall continue to provide the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Employee's elections in effect on the date of termination (the "Continued Coverage"), provided that (1) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A of the Code under Treasury Regulation Section 1.409A-1(a)(5), or (2) the Company is otherwise unable to continue to cover the Executive under its group health plans without penalty under applicable law (including without limitation, Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), the Company may in its sole discretion provide that (i) the Executive shall pay to the Company, on an after-tax basis, a monthly amount equal to the full premium cost of the Continued Coverage for such month and (ii) within 30 days of such premium payment, the Company shall reimburse the Executive in cash (less required withholding) an amount equal to the sum of (A) the excess of (x) the full premium cost of the Continued Coverage for such month over (y) any premium amount that would have been payable by the Executive if the Executive had been actively employed by the Company for such month

and (B) an additional cash amount equal to the aggregate imputed or imposed federal, state and local taxes on any such amount in subclause (A), plus any taxes imposed on such cash amount, so that the Executive on an after-tax basis is in the same position as if there had been no imputation or imposition of income on the Executive. For the twelve (12) month (or, in the event of a CIC Termination, eighteen (18) month) period following the termination of the Executive's employment, the Company shall also continue to provide the Executive with all life insurance, disability insurance and other fringe benefits set forth in Section 4 as if the Executive's employment under the Agreement had not been terminated; provided, however, that such life insurance, disability insurance and other fringe benefits shall cease as of the date the Executive receives such coverage from a subsequent employer.

**(v) Payment/Benefit Limitation.** If any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive receives or is entitled to receive from the Company or any of its subsidiaries, affiliates or related entities, would (if paid or provided) constitute an "excess parachute payment" for purposes of Section 280G of the Code, the amounts otherwise payable and benefits otherwise due under this Agreement will either (i) be delivered in full, or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code (and therefore, no portion thereof will be subject to the excise tax imposed under Section 4999 of the Code), whichever of the foregoing amounts, taking into account applicable federal, state and local income and employment taxes and the excise tax imposed under Section 4999 of the Code, results in the receipt by the Executive, on an after-tax basis, of the greatest amount of payments and benefits, notwithstanding that all or some portion of such payments and/or benefits may be subject to the excise tax imposed under Section 4999 of the Code. Unless otherwise specified in writing by the Executive, in the event that the payments and/or benefits are to be reduced pursuant to this Section 7(a)(v), such payments and benefits shall be reduced such that the reduction of cash compensation to be provided to the Executive as a result of this Section 7 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All determinations required to be made under this Section 7(a)(v) shall be made by the Company's independent public accounting firm (or such other nationally recognized public accounting firm as may be selected by the Company and to which selection the Executive consents (such consent not to be unreasonably withheld)) which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a payment or benefit subject to this Section 7(a)(v), or such earlier time as is requested by the Company.

**(b) No Mitigation Required; No Other Entitlement To Benefits Under Agreement.** The Executive shall not be required in any way to mitigate the amount of any payment provided for in this Section 7, including, without limitation, by seeking other employment, nor shall the amount of any payment provided for in this Section 7 be reduced by any compensation earned by the Executive as the result of employment with another employer after the termination date of employment, or otherwise. Except as set forth in this Section 7, following a termination governed by this Section 7, the Executive shall not be entitled to any other compensation or benefits set forth in this Agreement, except as may be separately negotiated by the parties and approved the Board in writing in conjunction with the termination of the Executive's employment under this Section 7.

**(c) Release Agreement.** (i) As a condition of receiving any of the payments, vesting, consideration and benefits set forth in this Section 7 (other than the payment provided for in sub-section 7(a)(i)) at any time prior to a Change of Control, the Executive shall be required to execute a mutual release agreement substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and such release agreement must have become effective in accordance with its terms within 60 days following the termination date (which form of mutual release agreement the Company, in its sole discretion, may modify to comply with applicable law, and which form of mutual release agreement may be incorporated into a termination agreement or other agreement with the Executive).

(ii) With respect to the Executive's receipt of any of the payments, vesting, consideration and benefits set forth in this Section 7 at the time of, or following, a Change of Control or Externalization of Management, the Executive shall not be required to execute any type of release or general release agreement in favor of the Company; provided that, in connection with any termination of the Executive's employment by the Company without "Cause" or any termination of the Executive's employment by the Executive for "Good Reason", the Executive has the option to require the Company to enter into and execute a mutual release agreement with the Executive substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and, if so required by the Executive, the Company and the Executive agree that such release agreement must be executed and have become effective in accordance with its terms within 60 days following the termination date.

**(d) Timing of Severance Payments.** Notwithstanding any other provision of this Agreement, all severance payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable in an amount equal to 75% of such payments on the date that is six months after the termination date, and the remaining 25% shall be payable in six equal monthly installments beginning on the date that is seven months after the termination date and continuing on the same date of each of the five months thereafter.

**(e) Timing of Bonus Payments.** Notwithstanding any other provision of this Agreement, all bonus payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable on the date that is six months after the termination date.

**8. Disputes Relating To Executive's Termination of Employment For Good Reason.** If the Executive resigns his employment with the Company alleging in good faith as the basis for such resignation "Good Reason" as defined in Section 6(e), and if the Company then disputes the Executive's right to the payments, vesting, consideration, and benefits provided for under Section 7, the Company shall continue to pay the Executive the full compensation (including, without limitation, his Base Salary, annual bonus and equity-based long-term incentive awards) in effect at the date the Executive provided written notice of such resignation, and the Company shall continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was then a participant, and provide continuing vesting for any compensation, award or benefit with a vesting condition, until the date the dispute is finally resolved, either by mutual written agreement of the parties or by application of the provisions of Section 11. For the purposes of this Section 8, the Company shall bear the burden of proving that the grounds for the Executive's resignation do not fall within the scope of Section 6(e), and there shall be a rebuttable presumption that the Executive alleged such grounds in good faith.

**9. Restrictive Covenant Provisions.**

**(a) Noncompetition.**

**(i) Noncompetition While Employed by the Company.** The Executive agrees that during the Term prior to any termination of his employment hereunder, he will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, manage, operate, join, control, participate in, or be connected as a stockholder (other than as a holder of shares publicly traded on a stock exchange or the NASDAQ National Market System), partner, or other equity holder with, or as an officer, director, consultant, independent contractor, advisor or employee of, any business enterprise or other organization whose business strategy is competitive with that of the Company, as determined by a majority of the non-employee members of the Board. It is further expressly agreed that the Company will or would suffer irreparable injury if the Executive were to compete with the Company or any subsidiary or affiliate of the Company in violation of this Agreement and that the Company would by reason of such competition be entitled to injunctive relief in a court of appropriate jurisdiction, and the Executive further consents and stipulates to the entry of such injunctive relief in such a court prohibiting the Executive from competing with the Company or any subsidiary or affiliate of the Company, in the areas of business set forth above, in violation of this Agreement.

**(ii) Noncompetition Following Employment by the Company.** The Executive promises and agrees that for a period of six (6) months after the termination of his employment with the Company (regardless of the reason for such termination), he will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, manage, operate, join, control, participate in, or be connected (A) as a stockholder, partner, or other equity holder in (other than as a passive owner of 1.99% or less of the outstanding equity interests of any entity) any Restricted Business, or (B) as an officer, director, consultant, independent contractor, advisor, or employee of, any Restricted Business.

For purposes of this Agreement, a “Restricted Business” means any business engaged in acquiring, originating, financing, securitizing, selling, servicing, or investing in: residential or business purpose mortgage loans (including without limitation, second lien residential mortgage loans); assets backed by, related to, or derived from residential or business purpose mortgage loans; or other assets that are related to residential or business purpose real estate or ownership interests in, or payment obligations relating to, residential or business purpose real estate, including, without limitation, home equity investments and/or home appreciation investments (or providing advisory or consulting services with respect to any of the foregoing), in each case, in the geographic regions that are addressed by the business activities of the Company and its subsidiaries and affiliates during the Term of this Agreement or as the date of any termination of the Executive’s employment with the Company (regardless of the reason for such termination), as applicable.

**(b) Non-Solicitation of Employees, Customers, Clients and Counterparties.**

**(i) Non-Solicitation of Employees.** The Executive agrees that he will not directly or indirectly solicit, hire, or employ (or assist, aid, or counsel any other person, firm or organization in soliciting, hiring, or employing) any of the Company’s employees (or employees of any of the Company’s subsidiaries or affiliates) to work for any business enterprise or other organization for a period of twelve (12) months following the termination of the Executive’s employment with the Company (regardless of the reason for such termination); provided, the Executive shall not be prohibited from soliciting for employment, hiring, or employing any employee of the Company (or of any of its subsidiaries or affiliates), as the case may be, pursuant to a general employment advertisement or solicitation from a head hunter or other placement professional not specifically directed at such employees.

**(ii) Non-Solicitation of Customers, Clients and Counterparties.** The Executive agrees that for a period of six (6) months following the termination of the

Executive's employment with the Company (regardless of the reason for such termination) he will not directly or indirectly (A) solicit (or assist, aid, or counsel any other person, firm or organization in soliciting) the sale or distribution of products, services, or solutions for any Restricted Business, to any client, customer or counterparty (or prospective client, customer or counterparty) of the Company or any of its subsidiaries or affiliates or (B) induce, encourage, attempt to induce, or attempt to encourage (or assist, aid, or counsel any other person, firm or organization with any of the foregoing) any client, customer or counterparty (or prospective client, customer or counterparty) of the Company or any of its subsidiaries or affiliates to cease doing business with the Company or any of its subsidiaries or affiliates, terminate its business relationship with the Company or any of its subsidiaries or affiliates, or transfer any portion or all of its business away from the Company or any of its subsidiaries or affiliates. For purposes of this sub-section (ii), the term "prospective client, customer or counterparty" is defined as any individual or entity who was solicited, directly or indirectly, by the Executive or any employee of the Company or any of its subsidiaries or affiliates with the Executive's knowledge or assistance to engage in business with the Company or any of its subsidiaries or affiliates within the one (1) year period preceding the termination of the Executive's employment with the Company.

Moreover, at all times following the termination of the Executive's employment with the Company (regardless of the reason for such termination), the Executive shall not use any trade secret or Confidential Information (as defined below) of the Company or any of its subsidiaries or affiliates to directly or indirectly (I) solicit (or assist, aid, or counsel any other person, firm or organization in soliciting) the sale or distribution of products, services, or solutions for any business enterprise or other organization, to any client, customer or counterparty (or prospective client, customer or counterparty) of the Company or any of its subsidiaries or affiliates or (II) induce, encourage, attempt to induce, or attempt to encourage (or assist, aid, or counsel any other person, firm or organization with any of the foregoing) any client, customer or counterparty (or prospective client, customer or counterparty) of the Company or any of its subsidiaries or affiliates to cease doing business with the Company or any of its subsidiaries or affiliates, terminate its business relationship with the Company or any of its subsidiaries or affiliates, or transfer any portion or all of its business away from the Company or any of its subsidiaries or affiliates.

**(c) Duty To Avoid Conflict Of Interest.** During his employment by the Company, the Executive agrees not to engage or participate in, directly or indirectly, any

activities in conflict with the best interests of the Company. The Company shall be the final decision-maker with regard to any conflict of interest issue.

**(d) Right To Company Materials.** The Executive agrees that all styles, designs, lists, materials, books, files, reports, correspondence, records, and other documents (“Company Materials”) used, prepared, or made available to the Executive shall be and shall remain the property of the Company. Upon the termination of employment or the expiration of this Agreement, the Executive shall immediately return to the Company all Company Materials, and the Executive shall not make or retain any copies thereof.

**(e) Confidential And Proprietary Information.**

**(1)** It is hereby acknowledged that the Executive has and shall gain knowledge of trade secrets and confidential information owned by or related to the Company and/or its affiliates including but not limited to the following: (i) the names, lists, buying habits and practices of customers, clients or vendors, (ii) marketing and related information, (iii) relationships with the persons or entities with whom or with which the Company has contracted, (iv) their products, designs, software, developments, improvements and methods of operation, (v) financial condition, profit performance and financial requirements, (vi) the compensation paid to employees, (vii) business plans and the information contained therein, and (viii) all other confidential information of, about or concerning the Company, the manner of operation of the Company and other confidential data of any kind, nature or description relating to the Company (collectively, the “Confidential Information”). Confidential Information does not include information which (A) is or becomes generally available to the public other than as a result of a disclosure by the Executive; or (B) becomes available to the Executive on a non-confidential basis after the termination or expiration of the Executive’s obligations under this Agreement from a source other than the Company, provided that such source is not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Company or any other party with respect to such information; or (C) is independently developed after the termination or expiration of the Executive’s obligations under this agreement without reference to the Confidential Information, provided such independent development can reasonably be proven by the Executive by written records.

**(2)** The parties hereby acknowledge that the Confidential Information constitutes important, unique, material and confidential trade secrets which affect the successful activities of the Company, and constitute a substantial part of the assets and goodwill of the Company. In view of the foregoing, the Executive agrees that he will not at any time whether during or after the term of this Agreement, except as required in the course of the Executive’s employment by Company and at its direction and for its sole benefit, in any fashion, form or manner, directly or indirectly (i) use or divulge, disclose, communicate or provide or permit



access to any person, firm, partnership, corporation or other entity, any Confidential Information of any kind, nature or description, or (ii) remove from Company's premises any notes or records relating thereto, or copies or facsimiles thereof (whether made by electronic, electrical, magnetic, optical, laser, acoustic or other means).

(3) Promptly upon the request of Company, and immediately upon the termination of the Executive's employment, the Executive shall not transfer to any third person and shall deliver to Company all Confidential Information, and other property belonging to the Company, including all copies thereof, in the possession or under the control of the Executive.

(4) The Executive represents that the performance of all the terms of this Agreement will not conflict with, and will not breach, any other invention assignment agreement, confidentiality agreement, employment agreement or non-competition agreement to which the Executive is or has been a party. To the extent that the Executive has confidential information or materials of any former employer, the Executive acknowledges that the Company has directed the Executive to not disclose such confidential information or materials to the Company or any of its employees, and that the Company prohibits the Executive from using said confidential information or materials in any work that the Executive may perform for the Company. The Executive agrees that the Executive will not bring with the Executive to the Company, and will not use or disclose any confidential, proprietary information, or trade secrets acquired by the Executive prior to his employment with the Company. The Executive will not disclose to the Company or any of its employees, or induce the Company or any of its employees to use, any confidential or proprietary information or material belonging to any previous employers or others, nor will the Executive bring to the Company or use in connection with the Executive's work for the Company copies of any software, computer files, or any other copyrighted or trademarked materials except those owned by or licensed to the Company. The Executive represents that he is not a party to any other agreement that will interfere with his full compliance with this Agreement. The Executive further agrees not to enter into any agreement, whether written or oral, in conflict with the provisions of this Agreement.

(5) Notwithstanding the generality of the foregoing, nothing in this Agreement is intended to prohibit the Executive from filing a charge with, reporting possible violations to, or participating or cooperating with the Securities and Exchange Commission or any other federal, state or local regulatory body or law enforcement agency, including in relation to any whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation. Pursuant to 18 U.S.C. Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a

suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

**(f) Inventions.** Any and all inventions, discoveries or improvements that the Executive has conceived or made or may conceive or make during the period of employment relating to or in any way pertaining to or connected with the systems, products, computer programs, software, apparatus or methods employed, manufactured or constructed by the Company or to systems, products, apparatus or methods with respect to which the Company engages in, requests or anticipates research or development, shall be promptly and fully disclosed and described by the Executive to the Company and shall be the sole and exclusive property of the Company, and the Executive shall assign, and hereby does assign, to the Company, the Executive's entire right, title and interest in and to all such inventions, discoveries or improvements as well as any modifications or improvements thereto that may be made.

The obligations outlined in this Section 9(f) do not apply to any invention that qualifies fully under California Labor Code Section 2870 (a copy of which is attached hereto as Exhibit C) or to any rights the Executive may have acquired in connection with an invention, discovery or improvement that was developed entirely on the Executive's own time for which no equipment, supplies, facilities or trade secret information of the Company was used and (a) that does not relate directly or indirectly to the business of the Company or to the Company's actual or demonstrable anticipated research or development, or (b) that does not result from any work performed by the Executive for the Company.

**(g) [RESERVED]**

**(h) Breach.** It is expressly agreed that each breach of this Section 9 is a distinct and material breach of this Agreement and that solely a monetary remedy would be inadequate, impracticable and extremely difficult to prove, and that each such breach would cause the Company irreparable harm. It is further agreed that, in addition to any and all remedies available at law or equity (including money damages), either party shall be entitled to temporary and permanent injunctive relief to enforce the provisions of this Section, without the necessity of proving actual damages. It is further agreed that either party shall be entitled to seek such equitable relief in any forum, including a court of law, notwithstanding the provisions of Section 11. Either party may pursue any of the remedies described herein concurrently or consecutively in any order as to any such breach or violation, and the pursuit of one of such remedies at any time will not be deemed an election of remedies or waiver of the right to pursue any of the other such remedies.

**(i) Unenforceability.** Should any portion of this Section 9 be deemed unenforceable because of its scope, duration or effect, and only in such event, then the parties expressly consent and agree to such limitation on scope, duration or effect as may be finally adjudicated as enforceable, to give this Section 9 its maximum permissible scope, duration and effect.

**10. Notices.** All notices and other communications under this Agreement shall be in writing and shall be given by fax or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three (3) days after mailing or twenty-four (24) hours after transmission of a fax to the respective persons named below:

If to the Company: Redwood Trust, Inc.  
Attn: Chief Legal Officer  
One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373  
Fax: (415) 381-1773

If to the Executive: Fred J. Matera  
c/o Redwood Trust, Inc.  
8310 S. Valley Highway  
Englewood, CO 80112  
Phone: (415) 389-7373  
Fax: (415) 381-1773

Either party may change such party's address for notices by notice duly given pursuant hereto.

**11. Resolution of Disputes.** To ensure the rapid and economical resolution of disputes that may arise in connection with the Executive's employment with the Company, the Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, the Executive's employment, or the termination of the Executive's employment ("Arbitrable Claims") shall be submitted to confidential mediation in Denver, Colorado conducted by a mutually agreeable mediator from Judicial Arbitration and Mediation Services ("JAMS") or its successor under the JAMS Rules of Practice and Procedure then in effect, which can be found at [www.jamsadr.com/adr-rules-procedures](http://www.jamsadr.com/adr-rules-procedures). The cost of all JAMS' mediation fees shall be paid by the Company. In the event that mediation is unsuccessful in resolving the Arbitrable Claims, the Arbitrable Claims shall be resolved, to the fullest extent permitted by law,

by final, binding and confidential arbitration in Denver, Colorado conducted by JAMS or its successor, under the then applicable rules of JAMS.

**The Executive and the Company each acknowledge that by agreeing to this arbitration procedure, both the Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.**

The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that the Executive or the Company would be entitled to seek in a court of law. With respect to attorney's fees, the arbitrator shall award to the Executive his attorneys' fees based on a determination of the extent to which the Executive has prevailed as to the material issues raised in determination of the dispute (and, for the avoidance of doubt, regardless of the extent to which the Company has prevailed as to the material issues raised in determination of the dispute, the arbitrator is not authorized to award to the Company any portion of its attorney's fees); and, moreover, to the extent the Executive prevails as to substantially all of the material issues raised in determination of the dispute, the arbitrator shall award to the Executive all of his attorneys' fees. The Company shall pay all JAMS' arbitration fees. Nothing in this Agreement is intended to prevent either the Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such mediation or arbitration.

**12. Advancement of Executive's Legal Fees.** In connection with the resolution of any dispute in accordance with Section 11, the Company shall advance to the Executive all reasonable attorneys' fees of the Executive as they are incurred and reasonably documented by the Executive in respect of any mediation, arbitration or litigation related thereto. The Executive shall not be required to reimburse the Company for any such advances of attorney's fees until a final determination is made with respect to such dispute and, then, the Executive's obligation to repay any such advances shall, (i) in the context of mediation or arbitration, be subject to an affirmative determination of the mediator or arbitrator that the Executive is obligated to repay such advances and (ii) in the context any litigation, be subject to the condition that substantially all of the material issues raised in such litigation have been resolved by a final (non-appealable) judgement in favor of the Company.

**13. Assignment; Successors.** This Agreement is personal in its nature, and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that, in the event of the merger, consolidation, transfer, or sale of all or substantially all of the assets of the Company with or to

any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

**14. Governing Law.** This Agreement and the legal relations thus created between the parties hereto shall be governed by and construed under and in accordance with the laws of the State of Colorado.

**15. Entire Agreement; Headings; Temporary Assignment to New York, NY.** This Agreement embodies the entire agreement of the parties with respect to the subject matter hereof and supersedes in their entirety all other or prior agreements, whether oral or written, with respect thereto, including but not limited to the Prior Agreement, but excluding the plans, programs and equity award agreements under which compensation and benefits are provided pursuant to Sections 3 and 4 hereof (and, to the extent such plans, programs and/or equity award agreements contain more favorable terms, such terms shall continue to apply). Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

The Executive and the Company entered into a Letter Agreement dated October 1, 2023 relating to the Executive's temporary assignment to New York, New York. The terms of such Letter Agreement are set forth in Exhibit F attached hereto and are incorporated herein; the terms set forth in such Letter Agreement and in Exhibit F attached hereto include amendments to this Agreement, as well as provisions that are additive to the subject matter contained in this Agreement, and to such extent constitute a modification of this Agreement and such terms are neither superseded by, nor does the subject matter of such terms supersede, this Agreement.

**16. Waiver; Modification.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

**17. Severability.** In the event that a court of competent jurisdiction determines that any portion of this Agreement is in violation of any statute or public policy, only the portions of this Agreement that violate such statute or public policy shall be stricken. All portions of this Agreement that do not violate any statute or public policy shall continue in full force and effect. Further, any court order striking any portion of this Agreement shall modify the stricken terms as

narrowly as possible to give as much effect as possible to the intentions of the parties under this Agreement.

**18. Indemnification.** The Company shall indemnify and hold Executive harmless to the maximum extent permitted by Section 2-418 of the Maryland General Corporations Law or its successor statute, or if greater, by the Company's Bylaws, by any applicable resolution of the Board or by the terms providing the most extensive indemnification contained in any written agreement between the Company and any director or officer of the Company. The Company shall make Executive a named beneficiary under all director and officer liability policies maintained by the Company from time to time for the benefit of its directors and officers, entitled to all benefits provided thereunder to persons serving in a comparable role as an officer of the Company. During the Term and for a term of six years thereafter, the Company shall purchase and maintain, at its own expense, directors and officers liability insurance providing coverage for Executive in respect of acts and omissions of the Executive in his capacity as such and occurring during Executive's employment.

**19. Section 409A.** Any payments under this Agreement subject to Section 409A of the Code that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as a termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits shall be paid to the Executive during the six (6)-month period following the Executive's "separation from service" from the Company (within the meaning of Section 409A of the Code, a "Separation from Service") if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period. Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this

Agreement may only be made upon the Executive's "separation from service" from the Company.

**20. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

**21. Successor Sections.** References herein to sections or rules of the Code shall be deemed to include any successor sections or rules.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the Effective Date.

**REDWOOD TRUST, INC.**

By: /s/ Christopher J. Abate  
Christopher J. Abate  
Chief Executive Officer

**EXECUTIVE**

/s/ Fred J. Matera  
Fred J. Matera



**EXHIBIT A**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Fred J. Matera (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and his heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement.

This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and

Restated Employment Agreement with the Company(the “Employment Agreement”), the Company’s bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company’s payment obligations under Section 7 of the Employment Agreement, as well as the Company’s other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive’s vested equity awards and other awards, or (v) claims relating to or arising out of the Executive’s fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under his Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not to do so); (C) Executive has twenty-one (21) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; and (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party’s release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any

federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.

(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii) made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the

Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Fred J. Matera

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Fred J. Matera (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and his heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement. This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and Restated

Employment Agreement with the Company(the “Employment Agreement”), the Company’s bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company’s payment obligations under Section 7 of the Employment Agreement, as well as the Company’s other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive’s vested equity awards and other awards, or (v) claims relating to or arising out of the Executive’s fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under his Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not do so); (C) Executive has forty-five (45) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement; and (F) Executive has received with this Release Agreement a detailed list of the job titles and ages of all employees who were terminated in this group termination and the ages of all employees of the Company in the same job classification or organizational unit who were not terminated.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party's release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.



(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii) made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Fred J. Matera

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**  
**Section 2870 of California Labor Code**

Section 2870 of California Labor Code: Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

1. Any provision and employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities or trade secret information except for those inventions that either:

1. Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
2. Result from any work performed by the employee for the employer.

b. To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

## EXHIBIT D

### DEFINITION OF “CHANGE OF CONTROL”

“Change of Control” refers to the occurrence of any of the following:

a. A transaction or series of transactions (other than an offering of common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 30% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

b. During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c) of this definition) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

c. The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

i. which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

ii. after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 30% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.”

## EXHIBIT E

### COPY OF REDWOOD TRUST, INC.'S POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The Board of Directors (the “*Board*”) of Redwood Trust, Inc. (the “*Company*”) has adopted this Policy for Recovery of Erroneously Awarded Compensation (the “*Policy*”), effective as of October 2, 2023 (the “*Effective Date*”). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

#### 1. Persons Subject to Policy

This Policy shall apply to current and former Designated Officers of the Company.

#### 2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is “received” shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is “received” in the Company’s fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

#### 3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Designated Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person’s right to voluntarily terminate employment for “good reason,” or due to a “constructive termination” (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

#### 4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation, Erroneously Awarded Compensation or time-vesting equity or cash awards, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other

compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

#### **5. Administration**

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the “Committee” shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders or stockholders, and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, or to third-party agents of the Company, as permitted under applicable law, including any Applicable Rules.

#### **6. Interpretation**

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

#### **7. No Indemnification; No Liability**

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person’s potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

#### **8. Application; Enforceability**

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to (but without duplication of), any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based or cash-based plan or award agreement

thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the “*Other Recovery Arrangements*”). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

#### **9. Severability**

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

#### **10. Amendment and Termination**

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

#### **11. Definitions**

“*Applicable Rules*” means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company’s securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company’s securities are listed.

“*Committee*” means the Compensation Committee of the Board, for so long as it is comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee or such independence, a majority of the independent directors (or as determined under the Applicable Rules) serving on the Board.

“*Designated Officer*” means each designated person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

“*Erroneously Awarded Compensation*” means the amount of Incentive-Based Compensation received by a current or former Designated Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Designated Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Reporting Measure*” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements,



and any measures derived wholly or in part from such measures, including GAAP and non-GAAP financial measures, as well as stock or share price and total equityholder or stockholder return.

“**GAAP**” means United States generally accepted accounting principles.

“**Impracticable**” means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempt(s) to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association or (b) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“**Incentive-Based Compensation**” means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as a Designated Officer; (b) who served as a Designated Officer at any time during the performance period for that compensation; (c) while the Company has a class of securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“**Restatement**” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Three-Year Period**” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

## EXHIBIT F

### TERMS RELATING TO THE EXECUTIVE'S TEMPORARY ASSIGNMENT TO NEW YORK, NEW YORK

The Company and the Executive have agreed to the Executive (“you”) fulfilling a temporary assignment to the Company’s office in New York, New York (the “Temporary Assignment”) for the period from October 1, 2023 to September 30, 2024 (the “Temporary Assignment Period”). The terms set forth below (i) set out certain terms of your employment relating to the Temporary Assignment, which are in addition to those set forth in the Agreement to which this Exhibit F are attached (the “Employment Agreement”) and (ii) amends the terms of the Employment Agreement only to the extent explicitly set forth below, including as set forth under the heading “Amendments to Your Employment Agreement”. Capitalized terms used but not defined in this Exhibit F will have the meanings set forth in the Employment Agreement. The terms set forth in this Exhibit F are effective as of October 1, 2023.

1. Temporary Assignment. To provide temporary senior leadership for the Company’s office in New York, New York you accept the Temporary Assignment and agree to reside in the New York City area and maintain your principal Company office at the Company’s office in New York City for the duration of the Temporary Assignment Period. Aside from your paid time off (“PTO”) and ordinary course business travel required in connection with fulfilling your duties and responsibilities to the Company, you agree to regularly be present at, and work from, the Company’s New York City office in accordance with the Company’s in-office work policy. At the conclusion of the Temporary Assignment Period, the Company’s Englewood, Colorado office will resume as your then going-forward principal Company office, unless otherwise mutually agreed and documented in an amendment to the Employment Agreement.

2. Temporary Assignment Stipend. The Company will assist you with costs related to the Temporary Assignment by providing you with a cash payment of \$77,500 (the “Temporary Assignment Stipend”). The Temporary Assignment Stipend will be paid to you within 15 business days following October 1, 2023 (and will be reported as ordinary income to you for income tax purposes and be subject to applicable taxes and withholdings), and is intended to assist you with the cost of apartment hunting trips, moving expenses, the rental or purchase of furnishings, and any other travel or other expense relating to the Temporary Assignment. You will not be required to document use of the Temporary Assignment Stipend and the Temporary Assignment Stipend will be retained by you even if your actual such costs are less than the Temporary Assignment Stipend.

You and the Company acknowledge and agree that the Temporary Assignment Stipend will not be fully earned unless you are continuously employed by the Company through September 30, 2024 as follows: in the event that during the Temporary Assignment Period, either (i) you voluntarily terminate your employment with the Company without “Good Reason” (including any retirement) or (ii) the Company terminates your employment with the Company for “Cause”, then you are required to repay to the Company the following – the product of (x) number of full months of the Temporary Assignment Period that you are not employed by the Company, multiplied by, (y) \$6,458.33.

3. Reimbursements for Housing-Related Expenses During the Temporary Assignment Period. During the Temporary Assignment Period, the Company will reimburse you for the cost of renting an apartment to dwell in within New York County (Manhattan), New York, which apartment shall include a separate room within which you will establish a “home office”, and the monthly rent for such apartment (together with any similar associated monthly fees) shall not exceed \$12,500 (“Reimbursements for Housing-Related Expenses”). In addition, the Company will reimburse you for the cost of a one-time broker’s fee associated with locating such apartment, up to an amount of \$22,500. The Company will treat the reimbursement of such broker’s fee and the Reimbursements for Housing-Related Expenses as business-related expenses associated with the Temporary Assignment (and does not anticipate that they will be required to be reported as ordinary income to you for income tax purposes).

You will be responsible for ordinary cost of living expenses, including, without limitation: furnishings, utilities, renter’s insurance, any optional apartment building or living amenities (e.g., cleaning service, gym membership, parking, etc.) and commuting costs. You will be also responsible for the security deposit on such apartment, as well as the cost of any damage you may cause to such apartment.

In the event that during the Temporary Assignment Period, either (i) you voluntarily terminate your employment with the Company without “Good Reason” (including any retirement) or (ii) the Company terminates your employment with the Company for “Cause”, then the Reimbursements for Housing-Related Expenses would immediately terminate and no longer be provided.

4. Amendments and Provisions Related to Your Employment Agreement – Provisions Related to the Temporary Assignment and Your Employment Agreement. With respect to the Employment Agreement, you agree that: (i) the Temporary Assignment and the related temporary change to Officer’s principal Company office does not, and will not, represent a “Good Reason” under the Employment Agreement nor does it give rise now, or at any time in the future, to any right of Officer to terminate his employment under the Employment Agreement for Good Reason under Section 7(e)(iii) of the Employment Agreement; and (ii) neither the Temporary Housing Stipend nor the Reimbursements for Housing-Related Expenses described above will be considered part of the value of Officer’s “total compensation package” for purposes of Section 7(e)(ii) of the Employment Agreement – i.e., the one-time nature of the Temporary Assignment Stipend and/or cessation of Reimbursements for Housing-Related Expenses in accordance with this Exhibit F will not be considered a reduction in compensation within the definition of “Good Reason” under the Employment Agreement and will not be taken into account in determining any severance payment amount (or other amount) that could become payable by the Company under the Employment Agreement in connection with any termination of your employment with the Company.

5. No Other Terms Related to Temporary Assignment. This Exhibit F sets forth in full the terms related to your Temporary Assignment during the Temporary Assignment Period. Without limitation of the foregoing, other than the Temporary Assignment Stipend and the Reimbursements for Housing-Related Expenses described above in Sections 2 and 3 of this Exhibit F, the Company will not be

obligated to cover any personal or relocation-related expenses of Officer related to the Temporary Assignment Period.

**FOURTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This Fourth Amended and Restated Employment Agreement (“Agreement”), effective as of August 6, 2024 (the “Effective Date”), is entered into by and between **Sasha G. Macomber** (the “Executive”) and **Redwood Trust, Inc.**, a Maryland corporation (the “Company”), and amends and restates in its entirety that certain Third Amended and Restated Employment Agreement by and between the Executive and the Company dated November 3, 2023 (the “Prior Agreement”).

The Company desires to establish its right to the continued services of the Executive, in the capacity, on the terms and conditions, and subject to the rights of termination hereinafter set forth, and the Executive is willing to accept such continued employment in such capacity, on such terms and conditions, and subject to such rights of termination.

In consideration of the mutual agreements hereinafter set forth, the Executive and the Company have agreed and do hereby agree as follows:

**1. Employment and Responsibilities.** During the Term, the Executive shall serve as sole Chief Human Resource Officer of the Company, reporting to the Chief Executive Officer of the Company, with responsibilities, duties and authority customary for such position. The Executive does hereby accept and agree to such continued employment. The Chief Executive Officer may, from time to time, in his sole discretion, modify, reassign and/or augment the Executive’s responsibilities, subject to prior approval by the Board of Directors of the Company (the “Board”), and any such modification, reassignment and/or augmentation shall be deemed a waiver by the Executive of her rights under Section 6(e)(i) hereof only with her express prior written consent. Any such modification, reassignment or augmentation of responsibilities shall be in writing. The Executive shall devote such time, energy and skill to the performance of her duties for the Company and for the benefit of the Company as may be necessary or required for the effective conduct and operation of the Company’s business.

**2. Term of Agreement.** The term of this Agreement (the “Term”) shall commence on the Effective Date and shall continue through December 31, 2024; provided, however, that (i) on January 1, 2025 and each succeeding January 1, the Term shall automatically be extended for one additional year unless, not later than three months prior to any such January 1, either party shall have given written notice to the other that it does not wish to extend the Term and (ii) such one year extensions of the Term shall not occur on and after the January 1 of the year in which

the Executive will attain age sixty-five (65) but instead the Term shall be extended only until the date of the Executive's sixty-fifth (65th) birthday.

### **3. Compensation.**

**(a) Base Salary.** The Company shall pay the Executive, and the Executive agrees to accept from the Company, in payment for her services to the Company a base salary (the "Base Salary") at the rate of not less than \$500,000 per year, paid in accordance with the customary payroll practices of the Company subject to annual review and increase by the Board in its sole discretion (or by the Board's separately designated Compensation Committee in its sole discretion). For the avoidance of doubt, references to the Board in this Section 3 shall include the Board's separately designated Compensation Committee.

**(b) Performance Bonus.** The Executive shall be eligible to receive an annual bonus. The Board in its discretion will determine whether such annual bonus will be paid, the amount of such bonus and its form of payment. The Executive's target annual bonus amount is 175% of her Base Salary or such greater amount as may subsequently be established by the Board (the "Target Bonus"). During the first ninety (90) days of each calendar year, the Board, in consultation with the Chief Executive Officer, shall establish the performance goals applicable to such year's annual bonus opportunity, as well as the framework for awarding an annual bonus that is higher or lesser than the Target Bonus. Such criteria shall be established by the Board, after consultation with the Executive, and pursuant to a process that is consistent with past practice. If the Board determines in its discretion that the Executive's performance meets or exceeds the criteria established by the Board for the award of a Target Bonus, the Board may award the Executive the Target Bonus or a higher amount. Likewise, if the Board determines in its discretion that the Executive's performance does not meet said criteria, the Board may award a lesser amount, or no bonus may be awarded. Unless otherwise provided in this Agreement, the Executive's eligibility to receive any bonus under this paragraph shall be expressly conditioned on, among other things, the Executive remaining employed with the Company up through any designated distribution date set by the Board.

Notwithstanding the foregoing paragraph, in the event of a "Change of Control" (as defined in Exhibit D attached hereto) or an Externalization of Management (as defined in herein), immediately prior to such Change of Control or Externalization of Management the Company shall be obligated to pay the Executive: (A) when such Change of Control or Externalization of Management occurs during a calendar year in respect of which no annual bonus has yet been paid, a pro-rated annual bonus for such calendar year, based on the number of days in such calendar year prior to the Change of Control or Externalization of Management; and (B) when such Change of Control or Externalization of Management occurs after the conclusion of a calendar year in respect of which no annual bonus has yet been paid (i.e., such Change of Control or Externalization of Management occurs after December 31st, but

before the designated payment date for the annual bonus in respect of such completed calendar year), an annual bonus for such completed calendar year. In the case of both of the preceding clauses (A) and (B), such amounts shall each be separately subject to any cap on Executive's annual bonus previously established by the Board (or any committee thereof) and shall each be determined in accordance with the criteria most recently designated by the Board (or any committee thereof) for the determination of such amounts, as follows: (I) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the financial performance of the Company with respect to a calendar year, shall be paid in amounts based on the attainment of such criteria (on an annualized basis, if in respect of less than a full calendar year), through the date immediately prior to such Change of Control or Externalization of Management (or, as applicable, through the end of any such completed calendar year) and in accordance with the methodology previously approved by the Board (or any committee thereof) for payment of such amounts of annual bonus (i.e., an amount at, higher, or lower than the target amounts for such portions of annual bonus); and (II) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the individual performance of the Executive, shall be paid in amounts equal to the target amount of such portion of the Executive's annual bonus.

**(c) Equity Incentive Awards.** The Executive shall be eligible to receive grants of equity-based long-term incentive awards, which may include options to purchase Company stock, performance or restricted stock units and Company restricted stock contributions to Company's deferred compensation plan, or other equity-based awards. Such awards shall be determined in the discretion of the Board and the Executive shall be eligible for consideration for such awards in the same manner as other senior executive officers of the Company. In the event of a Change of Control in which the surviving or acquiring corporation does not assume the Executive's outstanding equity-related awards (including options and equity-based awards granted both before and after the Effective Date) or substitute similar equity-related awards of substantially equivalent value, such equity-related awards shall immediately vest and become exercisable if the Executive's service with the Company has not terminated before the effective date of the Change of Control; provided, however, that the foregoing provision shall only apply if the Company is not the surviving corporation or if shares of the Company's common stock are converted into or exchanged for other securities or cash.

**(d) Annual Review.** The Executive's performance shall be reviewed periodically. The performance evaluations shall consider and assess the Executive's performance of her duties and responsibilities, the accomplishment of established performance objectives, and/or other factors or criteria that the Board, in its sole

discretion, may deem relevant. The frequency of performance evaluations may vary depending upon, among other things, length of service, past performance, changes in job duties or performance levels, but generally would occur on an annual basis. The Board shall, at least annually, review the Executive's entire compensation package to determine whether it continues to meet the Company's compensation objectives. Such annual review will include a determination of (i) whether to increase the Base Salary in accordance with Section 3(a); (ii) the incentive performance bonus to be awarded in accordance with Section 3(b); and (iii) the amount and type of any equity awards granted in accordance with Section 3(c). Salary increases and incentive bonus awards are solely within the discretion of the Board and may depend upon many factors other than the Executive's performance.

**(e) Acknowledgement of Company's Policy for Recovery of Erroneously Awarded Compensation.** A copy of the Company's Policy for Recovery of Erroneously Awarded Compensation (the "Erroneously Awarded Compensation Policy") is attached as Exhibit E hereto. The Executive hereby acknowledges such Erroneously Awarded Compensation Policy and agrees to the terms thereof and understands that compensation received by the Executive may be subject to reduction, cancellation, forfeiture and/or recoupment in accordance with, and to the extent necessary, for the Company to comply with the Erroneously Awarded Compensation Policy, notwithstanding any other agreement to the contrary. The Executive further acknowledges and agrees that she is not entitled to indemnification to compensate her for any such reduction, cancellation, forfeiture and/or recoupment of compensation under such Erroneously Awarded Compensation Policy and expressly waives any rights to such indemnification under the Company's organizational documents, under this Agreement, and/or any indemnification agreement between the Executive and the Company, or otherwise.

**(f) Erroneous Underpayment of Compensation.** With respect to any Incentive Based Compensation (as defined in the Erroneously Awarded Compensation Policy) granted to the Executive during the Term, if a Restatement (as defined in the Erroneously Awarded Compensation Policy) results in an applicable restated Financial Reporting Measure (as defined in the Erroneously Awarded Compensation Policy) being positively impacted (i.e., being increased rather than decreased), the Executive will be entitled to receive additional compensation in an amount equal to the difference between the amount of Incentive Based Compensation the Executive should have received (i.e., based on the restated Financial Reporting Measure) and the amount of Incentive Based Compensation the Executive received (i.e., based on the original, non-restated Financial Reporting Measure) (the "Additional Compensation"). The terms and conditions of any Additional Compensation (including, for example, the methodology for calculation of the amount of the Additional Compensation, and the form of, and vesting and payment terms applicable to, the Additional Compensation) shall be



determined by the Board or its Compensation Committee in its sole discretion in a manner consistent with the Erroneously Awarded Compensation Policy (to the extent applicable) and with any applicable plan, program and/or award agreement governing and/or evidencing such Incentive Based Compensation.

**4. Fringe Benefits.** The Executive shall be entitled to participate in any benefit programs adopted from time to time by the Company for the benefit of its senior executive officers, and the Executive shall be entitled to receive such other fringe benefits as may be granted to her from time to time by the Board.

**(a) Benefit Plans.** The Executive shall be entitled to participate in any benefit plans relating to equity-based compensation awards, pension, thrift, profit sharing, life insurance, medical coverage, education, deferred compensation, or other retirement or employee benefits available to senior executive officers of the Company, subject to any restrictions (including waiting periods) specified in such plans and/or related individual agreements. The Company shall make commercially reasonable efforts to obtain medical and disability insurance, and such other forms of insurance as the Board shall from time to time determine, for its senior executive officers.

**(b) Paid Time Off.** The Executive shall be entitled to paid time off each calendar year pursuant to the Company's policies applicable to senior executive officers of the Company, as in effect from time to time.

**5. Business Expenses.** The Company shall reimburse the Executive for any and all necessary, customary and usual expenses, properly receipted in accordance with Company policies, incurred by the Executive on behalf of the Company.

**6. Termination of Executive's Employment.**

**(a) Death.** If the Executive dies while employed by the Company, her employment shall immediately terminate. The Company's obligation to pay the Executive's Base Salary shall cease as of the date of the Executive's death, and any unpaid Base Salary shall be paid to the Executive's estate. In addition, (i) within fifteen (15) days of the Executive's death, the Company shall pay to the Executive's estate an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year of her death, and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive's beneficiaries or her estate shall receive benefits in accordance with the Company's retirement, insurance and other applicable

programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(a) shall apply, mutatis mutandis, to any such award(s).

**(b) Disability.** If, as a result of the Executive's incapacity due to physical or mental illness ("Disability"), the Executive shall have been unable to perform her duties to the Company for six (6) consecutive months, and, within thirty (30) days after written notice is provided to her by the Board, she shall not have resumed the performance of her duties, the Executive's employment under this Agreement may be terminated by the Company for Disability. During any period prior to such termination during which the Executive is unable to perform her duties to the Company due to Disability, the Company shall continue to pay the Executive her Base Salary at the rate in effect at the commencement of such period of Disability and any earned but unpaid annual bonus from a prior service year. Subsequent to such termination, the Executive's benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs. In addition, if such a termination for Disability occurs then (i) within fifteen (15) days of such termination, the Company shall pay to the Executive an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year in which her employment terminated and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive, the Executive's beneficiaries or her estate shall receive benefits in accordance with the Company's retirement, insurance and other applicable programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced

(but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(b) shall apply, mutatis mutandis, to any such award(s). Notwithstanding the foregoing provisions of this Section 6(b), if such a termination for Disability occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management, and such termination constitutes a Separation from Service (as defined below), then such termination shall be treated for purposes of this Agreement as termination by the Company of the Executive's employment without Cause and as a "CIC Termination", as applicable, pursuant to and as set forth in Section 6(d) and Section 7 below, respectively, and the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth therein in lieu of the payments, vesting, consideration, and benefits set forth in this Section 6(b).

**(c) Termination By The Company For Cause.** The Company may terminate the Executive's employment under this Agreement for Cause, at any time prior to expiration of the Term of the Agreement; provided, however, that prior to any termination of employment for Cause, the Board must first provide written notice describing the reason for such termination of employment (and, with respect to subsections (iv), (v) and (vi) below, such notice may be provided on the same date as the termination date). For purposes of this Agreement, "Cause" shall mean:

(i) the Executive's material failure to substantially perform the reasonable and lawful duties of her position for the Company, including any habitual or repeated neglect of such duties, which failure has caused, or could reasonably be expected to cause, significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(ii) acts or omissions constituting gross negligence, recklessness or willful misconduct on the part of the Executive in respect of the performance of her duties

hereunder, her fiduciary obligations or otherwise relating to the business of the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iii) unauthorized use or disclosure of trade secrets or confidential or proprietary information pertaining to Company business, which use or disclosure has caused, or could reasonably be expected to cause significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iv) acts or omissions constituting willful misconduct on the part of the Executive in respect of the performance of her fiduciary duty of loyalty to the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company;

(v) theft or embezzlement, or attempted theft or embezzlement, of money or tangible or intangible assets or property of the Company or its employees, customers, clients, or others having business relations with the Company;

(vi) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a non-vehicular felony, including, without limitation, a non-vehicular felony the elements of which involve fraud, dishonesty, or moral turpitude;

(vii) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a misdemeanor the elements of which involve fraud, dishonesty, or moral turpitude, and which is substantially related to the Executive's employment and duties to the Company; or

(viii) the Executive's commission of a crime the elements of which involve fraud, dishonesty, or moral turpitude, and which has caused, or could reasonably be expected to cause, material injury to the interests, property, operations, business or reputation of the Company.

In the event of a termination under this Section 6(c), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(d) Termination By The Company Without Cause.** The Company may terminate the Executive's employment hereunder at any time without Cause upon 30 days written notice to the Executive or pay in lieu thereof. In the event of a termination under this Section 6(d), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

**(e) Termination By The Executive For Good Reason.** The Executive shall have the right to terminate the Executive's employment under this Agreement for Good Reason, at any time prior to expiration of the Term of the Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence (without the Executive's express written consent that such occurrence does not constitute "Good Reason"), of any one or more of the following events:

**(i)** A material reduction in the Executive's responsibilities, title, duties or authority, including, without limitation, any of the following events, which are hereby deemed to have the effect of a material reduction in Executive's responsibilities, duties and authority: (A) the Executive ceasing to serve as the sole chief human resource officer of a publicly traded company, (B) the Company entering into and consummating one or more agreements with one or more Third-Party External Management Companies (as defined below), which, when taken alone or together, provide for the external management of all or substantially all of the Company's assets and/or operations (an "Externalization of Management"), or (C) on or after a Change of Control, if as a result of such Change of Control, the Company becomes a subsidiary of another entity and Executive is not appointed (or after appointment, ceases) to be the sole chief human resource officer of the top-tier parent entity of the Company (or its successor); provided that, for the avoidance of doubt, the appointment of the Executive to a top-tier parent entity that is not publicly traded does not eliminate the Executive's rights under any of sub-clauses (A), (B) or (C) above;

**(ii)** A reduction in the Executive's Base Salary or in the Executive's Target Bonus or a material reduction by the Company in the value of the Executive's total compensation package (salary, bonus opportunity, equity incentive award opportunity and benefits) if such a reduction is not made in proportion to an across-the-board reduction for all senior executives of the Company (and for the avoidance of doubt, following a Change of Control, the reference to senior executives of the Company shall include, without limitation, all senior executives of any top tier parent entity of any acquiror of and/or successor to Redwood Trust, Inc.);

**(iii)** The relocation of the Executive's principal Company office to a location not within the area of Marin County, California (commonly referred to as the "Highway 101 Corridor"), except for required travel away from the Executive's principal Company office on the Company's business to the extent necessary to fulfill the Executive's obligations under

Section 1 (provided that any such travel explicitly required by the Company may not exceed thirty (30) days during any calendar year);

(iv) A failure by the Company at any time to renew this Agreement for successive one-year periods pursuant to Section 2;

(v) The complete liquidation of the Company; or

(vi) In the event of a merger, consolidation, transfer, or closing of a sale of all or substantially all the assets of the Company with or to any other individual or entity, the failure of the Company's successor to affirmatively adopt this Agreement (no later than the closing of the applicable transaction) or to otherwise comply with its obligations pursuant to Section 13 below.

Notwithstanding the foregoing, at any time prior to a Change of Control, the Executive will not be deemed to have resigned for Good Reason for purposes of subclause (i) unless (1) the Executive provides the Board with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason (the "Good Reason Notice") within one hundred twenty (120) days after the date of the occurrence of any event that the Executive knows to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice or prior to a Change of Control, whichever shall occur earlier, and (3) the effective date of the Executive's termination for Good Reason occurs no later than thirty (30) days after the expiration of the Company's cure period; provided, however, that if the Executive reasonably believes that circumstances constituting "Good Reason" for the Executive to terminate his/her employment under this Agreement will exist immediately following a Change of Control or Externalization of Management, then the Executive may provide the Company with a Good Reason Notice no later than five (5) business days prior to the consummation of such Change of Control or Externalization of Management (and in such event the Company shall not be entitled to a period to cure) and the Executive's resignation for Good Reason, if accepted by the Board, shall be deemed effective and binding on the Company (and any successor thereto) as of such time as may be determined by the Board (provided that any such effective time shall not be earlier than immediately following the consummation of the Change of Control or Externalization of Management). Following a Change of Control or Externalization of Management, in order to resign for Good Reason, the Executive must provide a Good Reason Notice, but the Company shall not be entitled to a cure period. In addition, following a Change of Control, the determination of whether to accept the Executive's resignation for Good Reason shall be determined by the "Review Committee" as set forth in sub-section (g) below.

In the event of a termination under this Section 6(e), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

For purposes of this Agreement, "Third-Party External Management Company" is defined as follows: an entity engaged to externally manage some or all of the Company's assets and/or operations that is not (i) a majority-owned subsidiary of the Company or otherwise controlled by the Company, (ii) owned, in whole or in part, by the Executive or otherwise controlled by the Executive or (iii) an entity for which the Executive serves as a director or officer (or for which the Executive otherwise acts as a manager or fiduciary).

**(f) Termination By The Executive Without Good Reason.** The Executive may at any time during the Term terminate her employment hereunder for any reason or no reason by giving the Company notice in writing not less than sixty (60) days in advance of such termination. The Executive shall have no further obligations to the Company after the effective date of termination, as set forth in the notice. In the event of a termination by the Executive under this Section 6(f), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(g) Administration of Agreement Upon Change of Control.** Notwithstanding anything herein to the contrary, in the event of a Change of Control, prior to and in any event not later than ten (10) days before the consummation of such Change of Control, the Company may designate a committee of two or more members of the Board as constituted immediately prior to the Change of Control (the "Review Committee") for the purpose of making any determination as to whether, solely for purposes of this Agreement, Executive's employment is terminated with or without Cause or if Executive's resignation is with or without Good Reason; provided that, in any Change of Control in which two or more members of the Board as constituted immediately prior to the Change of Control shall continue to act as members of the Board of the Company (or act as members of the board of directors or board of trustees (or otherwise as fiduciaries)) of any successor or parent entity of the Company) following such Change of Control, the Company shall be required to designate such a Review Committee. For the avoidance of doubt, any such Review Committee shall have the sole authority and responsibility to review, and be authorized to accept, in its sole discretion, any Good Reason Notice submitted by the Executive pursuant to Section 6 during the 24-month period following a Change of Control.

## **7. Compensation Upon Termination By the Company without Cause or By The Executive for Good Reason.**

(a) If the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason, the Executive shall be entitled to the following payments, vesting, consideration, and benefits:

(i) **Payment of Unpaid Base Salary.** The Company shall immediately pay the Executive any portion of the Executive's Base Salary through the date of termination or previously awarded bonus not paid prior to the termination date.

(ii) **Severance Payment.**

(A) In the event such termination is not a CIC Termination (as defined below), then the Company shall provide the Executive (x) an amount equal to three-quarters (0.75) times the sum of (i) Executive's Annual Base Salary as in effect immediately prior to her termination and (ii) Executive's Target Bonus in effect immediately prior to her termination and (y) an amount equal to the Executive's Target Bonus in effect immediately prior to her termination, pro-rated for the number of days of employment completed by the Executive during the year in which her employment is terminated.

(B) In the event such termination of employment occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management (a "CIC Termination"), then instead of providing the payments in Section 7(a)(ii)(A), the Company shall provide the Executive an amount equal to the sum of (x) the Executive's Target Bonus in effect immediately prior to her termination, prorated for the number of days of employment completed by the Executive during the year in which her employment terminated; (y) one (1) times the Executive's Annual Base Salary as in effect immediately prior to her termination; and (z) one (1) times the Executive's Target Bonus in effect immediately prior to her termination. Notwithstanding the foregoing, the maximum aggregate amount that the Company shall pay to the Executive pursuant to this Section 7(a)(ii)(B) is \$2,000,000.

(iii) **Equity Awards.** All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Company without Cause, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable or exercisable based on (x) the performance goals set forth in the applicable award agreement by which such awards are evidenced and (y) a reduced number of target shares adjusted on a pro-



rata basis to reflect the number of days of employment completed during the applicable vesting period in which termination occurs, with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Executive for Good Reason, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 7(a)(iii) shall apply, mutatis mutandis, to any such award(s).

**(iv) Continuation of Fringe Benefits.** For a period of up to nine (9) months (or, in the event of a CIC Termination, twelve (12) months) following the date of the Executive's termination of employment with Company, subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder, the Company shall continue to provide the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Employee's elections in effect on the date of termination (the "Continued Coverage"), provided that (1) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A of the Code under Treasury Regulation Section 1.409A-1(a)(5), or (2) the Company is otherwise unable to continue to cover the Executive under its group health plans without penalty under applicable law (including without limitation, Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), the Company may in its sole discretion provide that (i) the Executive shall pay to the Company, on an after-tax basis, a monthly amount equal to the full premium cost of the Continued Coverage for such month and (ii) within 30 days of such premium payment, the Company shall reimburse the Executive in cash (less required withholding) an amount equal to the sum of (A) the excess of (x) the full premium cost of the Continued Coverage for such month over (y) any premium amount that would have been payable by the Executive if the Executive had been actively employed by the Company for such month and (B) an additional cash amount equal to the aggregate imputed or imposed federal, state and local taxes on any such amount in

subclause (A), plus any taxes imposed on such cash amount, so that the Executive on an after-tax basis is in the same position as if there had been no imputation or imposition of income on the Executive. For the nine (9) month (or, in the event of a CIC Termination, twelve (12) month) period following the termination of the Executive's employment, the Company shall also continue to provide the Executive with all life insurance, disability insurance and other fringe benefits set forth in Section 4 as if the Executive's employment under the Agreement had not been terminated; provided, however, that such life insurance, disability insurance and other fringe benefits shall cease as of the date the Executive receives such coverage from a subsequent employer.

**(v) Payment/Benefit Limitation.** If any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive receives or is entitled to receive from the Company or any of its subsidiaries, affiliates or related entities, would (if paid or provided) constitute an "excess parachute payment" for purposes of Section 280G of the Code, the amounts otherwise payable and benefits otherwise due under this Agreement will either (i) be delivered in full, or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code (and therefore, no portion thereof will be subject to the excise tax imposed under Section 4999 of the Code), whichever of the foregoing amounts, taking into account applicable federal, state and local income and employment taxes and the excise tax imposed under Section 4999 of the Code, results in the receipt by the Executive, on an after-tax basis, of the greatest amount of payments and benefits, notwithstanding that all or some portion of such payments and/or benefits may be subject to the excise tax imposed under Section 4999 of the Code. Unless otherwise specified in writing by the Executive, in the event that the payments and/or benefits are to be reduced pursuant to this Section 7(a)(v), such payments and benefits shall be reduced such that the reduction of cash compensation to be provided to the Executive as a result of this Section 7 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All determinations required to be made under this Section 7(a)(v) shall be made by the Company's independent public accounting firm (or such other nationally recognized public accounting firm as may be selected by the Company and to which selection the Executive consents (such consent not to be unreasonably withheld)) which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a payment or benefit subject to this Section 7(a)(v), or such earlier time as is requested by the Company.

**(b) No Mitigation Required; No Other Entitlement To Benefits Under Agreement.** The Executive shall not be required in any way to mitigate the amount of any payment provided for in this Section 7, including, without limitation, by seeking other employment, nor shall the amount of any payment provided for in this Section 7 be reduced by any compensation earned by the Executive as the result of employment with another employer after the termination date of employment, or otherwise. Except as set forth in this Section 7, following a termination governed by this Section 7, the Executive shall not be entitled to any other compensation or benefits set forth in this Agreement, except as may be separately negotiated by the parties and approved the Board in writing in conjunction with the termination of the Executive's employment under this Section 7.

**(c) Release Agreement.** (i) As a condition of receiving any of the payments, vesting, consideration and benefits set forth in this Section 7 (other than the payment provided for in sub-section 7(a)(i)) at any time prior to a Change of Control, the Executive shall be required to execute a mutual release agreement substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and such release agreement must have become effective in accordance with its terms within 60 days following the termination date (which form of mutual release agreement the Company, in its sole discretion, may modify to comply with applicable law, and which form of mutual release agreement may be incorporated into a termination agreement or other agreement with the Executive).

(ii) With respect to the Executive's receipt of any of the payments, vesting, consideration and benefits set forth in this Section 7 at the time of, or following, a Change of Control or Externalization of Management, the Executive shall not be required to execute any type of release or general release agreement in favor of the Company; provided that, in connection with any termination of the Executive's employment by the Company without "Cause" or any termination of the Executive's employment by the Executive for "Good Reason", the Executive has the option to require the Company to enter into and execute a mutual release agreement with the Executive substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and, if so required by the Executive, the Company and the Executive agree that such release agreement must be executed and have become effective in accordance with its terms within 60 days following the termination date.

**(d) Timing of Severance Payments.** Notwithstanding any other provision of this Agreement, all severance payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable in an amount equal to 75% of such payments on the date that is six months after the termination date, and the remaining 25% shall be payable in six equal monthly installments beginning on the date that is seven months after the termination date and continuing on the same date of each of the five months thereafter.

**(e) Timing of Bonus Payments.** Notwithstanding any other provision of this Agreement, all bonus payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable on the date that is six months after the termination date.

**8. Disputes Relating To Executive's Termination of Employment For Good Reason.** If the Executive resigns her employment with the Company alleging in good faith as the basis for such resignation "Good Reason" as defined in Section 6(e), and if the Company then disputes the Executive's right to the payments, vesting, consideration, and benefits provided for under Section 7, the Company shall continue to pay the Executive the full compensation (including, without limitation, her Base Salary, annual bonus and equity-based long-term incentive awards) in effect at the date the Executive provided written notice of such resignation, and the Company shall continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was then a participant, and provide continuing vesting for any compensation, award or benefit with a vesting condition, until the date the dispute is finally resolved, either by mutual written agreement of the parties or by application of the provisions of Section 11. For the purposes of this Section 8, the Company shall bear the burden of proving that the grounds for the Executive's resignation do not fall within the scope of Section 6(e), and there shall be a rebuttable presumption that the Executive alleged such grounds in good faith.

**9. Restrictive Covenant Provisions.**

**(a) Noncompetition.** The Executive agrees that during the Term prior to any termination of her employment hereunder, she will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, manage, operate, join, control, participate in, or be connected as a stockholder (other than as a holder of shares publicly traded on a stock exchange or the NASDAQ National Market System), partner, or other equity holder with, or as an officer, director or employee of, any real estate or mortgage investment organization whose business strategy is competitive with that of the Company, as determined by a majority of the non-employee members of the Board. It is further expressly agreed that the Company will or would suffer irreparable injury if the Executive were to compete with the Company or any subsidiary or affiliate of the Company in violation of this Agreement and that the Company would by reason of such competition be entitled to injunctive relief in a court of appropriate jurisdiction, and the Executive further consents and stipulates to the entry of such injunctive relief in such a court prohibiting the Executive from competing with the Company or any subsidiary or affiliate of the Company, in the areas of business set forth above, in violation of this Agreement.

**(b) Duty To Avoid Conflict Of Interest.** During her employment by the Company, the Executive agrees not to engage or participate in, directly or indirectly, any

activities in conflict with the best interests of the Company. The Company shall be the final decision-maker with regard to any conflict of interest issue.

**(c) Right To Company Materials.** The Executive agrees that all styles, designs, lists, materials, books, files, reports, correspondence, records, and other documents (“Company Materials”) used, prepared, or made available to the Executive shall be and shall remain the property of the Company. Upon the termination of employment or the expiration of this Agreement, the Executive shall immediately return to the Company all Company Materials, and the Executive shall not make or retain any copies thereof.

**(d) Nonsolicitation.** The Executive agrees that during the Term prior to any termination of her employment hereunder, she will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, solicit any of the Company’s employees to work for any competing real estate or mortgage investment organization as determined under Section 9(a).

**(e) Confidential And Proprietary Information.**

**(1)** It is hereby acknowledged that the Executive has and shall gain knowledge of trade secrets and confidential information owned by or related to the Company and/or its affiliates including but not limited to the following: (i) the names, lists, buying habits and practices of customers, clients or vendors, (ii) marketing and related information, (iii) relationships with the persons or entities with whom or with which the Company has contracted, (iv) their products, designs, software, developments, improvements and methods of operation, (v) financial condition, profit performance and financial requirements, (vi) the compensation paid to employees, (vii) business plans and the information contained therein, and (viii) all other confidential information of, about or concerning the Company, the manner of operation of the Company and other confidential data of any kind, nature or description relating to the Company (collectively, the “Confidential Information”). Confidential Information does not include information which (A) is or becomes generally available to the public other than as a result of a disclosure by the Executive; or (B) becomes available to the Executive on a non-confidential basis after the termination or expiration of the Executive’s obligations under this Agreement from a source other than the Company, provided that such source is not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Company or any other party with respect to such information; or (C) is independently developed after the termination or expiration of the Executive’s obligations under this agreement without reference to the Confidential Information, provided such independent development can reasonably be proven by the Executive by written records.

**(2)** The parties hereby acknowledge that the Confidential Information constitutes important, unique, material and confidential trade secrets which affect the successful

activities of the Company, and constitute a substantial part of the assets and goodwill of the Company. In view of the foregoing, the Executive agrees that she will not at any time whether during or after the term of this Agreement, except as required in the course of the Executive's employment by Company and at its direction and for its sole benefit, in any fashion, form or manner, directly or indirectly (i) use or divulge, disclose, communicate or provide or permit access to any person, firm, partnership, corporation or other entity, any Confidential Information of any kind, nature or description, or (ii) remove from Company's premises any notes or records relating thereto, or copies or facsimiles thereof (whether made by electronic, electrical, magnetic, optical, laser, acoustic or other means).

(3) Promptly upon the request of Company, and immediately upon the termination of the Executive's employment, the Executive shall not transfer to any third person and shall deliver to Company all Confidential Information, and other property belonging to the Company, including all copies thereof, in the possession or under the control of the Executive.

(4) The Executive represents that the performance of all the terms of this Agreement will not conflict with, and will not breach, any other invention assignment agreement, confidentiality agreement, employment agreement or non-competition agreement to which the Executive is or has been a party. To the extent that the Executive has confidential information or materials of any former employer, the Executive acknowledges that the Company has directed the Executive to not disclose such confidential information or materials to the Company or any of its employees, and that the Company prohibits the Executive from using said confidential information or materials in any work that the Executive may perform for the Company. The Executive agrees that the Executive will not bring with the Executive to the Company, and will not use or disclose any confidential, proprietary information, or trade secrets acquired by the Executive prior to her employment with the Company. The Executive will not disclose to the Company or any of its employees, or induce the Company or any of its employees to use, any confidential or proprietary information or material belonging to any previous employers or others, nor will the Executive bring to the Company or use in connection with the Executive's work for the Company copies of any software, computer files, or any other copyrighted or trademarked materials except those owned by or licensed to the Company. The Executive represents that she is not a party to any other agreement that will interfere with her full compliance with this Agreement. The Executive further agrees not to enter into any agreement, whether written or oral, in conflict with the provisions of this Agreement.

(5) Notwithstanding the generality of the foregoing, nothing in this Agreement is intended to prohibit the Executive from filing a charge with, reporting possible violations to, or participating or cooperating with the Securities and Exchange Commission or any other federal, state or local regulatory body or law enforcement agency, including in relation

to any whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation. Pursuant to 18 U.S.C. Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

**(f) Inventions.** Any and all inventions, discoveries or improvements that the Executive has conceived or made or may conceive or make during the period of employment relating to or in any way pertaining to or connected with the systems, products, computer programs, software, apparatus or methods employed, manufactured or constructed by the Company or to systems, products, apparatus or methods with respect to which the Company engages in, requests or anticipates research or development, shall be promptly and fully disclosed and described by the Executive to the Company and shall be the sole and exclusive property of the Company, and the Executive shall assign, and hereby does assign, to the Company, the Executive's entire right, title and interest in and to all such inventions, discoveries or improvements as well as any modifications or improvements thereto that may be made.

The obligations outlined in this Section 9(f) do not apply to any invention that qualifies fully under California Labor Code Section 2870 (a copy of which is attached hereto as Exhibit C) or to any rights the Executive may have acquired in connection with an invention, discovery or improvement that was developed entirely on the Executive's own time for which no equipment, supplies, facilities or trade secret information of the Company was used and (a) that does not relate directly or indirectly to the business of the Company or to the Company's actual or demonstrable anticipated research or development, or (b) that does not result from any work performed by the Executive for the Company.

**(g) [RESERVED]**

**(h) Breach.** It is expressly agreed that each breach of this Section 9 is a distinct and material breach of this Agreement and that solely a monetary remedy would be inadequate, impracticable and extremely difficult to prove, and that each such breach would cause the Company irreparable harm. It is further agreed that, in addition to any and all remedies available at law or equity (including money damages), either party shall be entitled to temporary and permanent injunctive relief to enforce the provisions of this Section, without the necessity of proving actual damages. It is further agreed that either party shall be entitled to seek such equitable relief in any forum, including a court of law, notwithstanding the provisions of Section 11. Either party may pursue any of the remedies described herein concurrently or

consecutively in any order as to any such breach or violation, and the pursuit of one of such remedies at any time will not be deemed an election of remedies or waiver of the right to pursue any of the other such remedies.

**(i) Unenforceability.** Should any portion of this Section 9 be deemed unenforceable because of its scope, duration or effect, and only in such event, then the parties expressly consent and agree to such limitation on scope, duration or effect as may be finally adjudicated as enforceable, to give this Section 9 its maximum permissible scope, duration and effect.

**10. Notices.** All notices and other communications under this Agreement shall be in writing and shall be given by fax or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three (3) days after mailing or twenty-four (24) hours after transmission of a fax to the respective persons named below:

If to the Company: Redwood Trust, Inc.  
Attn: Chief Legal Officer  
One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373  
Fax: (415) 381-1773

If to the Executive: **Sasha G. Macomber**  
c/o Redwood Trust, Inc.  
One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373  
Fax: (415) 381-1773

Either party may change such party's address for notices by notice duly given pursuant hereto.

**11. Resolution of Disputes.** To ensure the rapid and economical resolution of disputes that may arise in connection with the Executive's employment with the Company, the Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, the Executive's employment, or the termination of the Executive's employment ("Arbitrable Claims") shall be submitted to confidential mediation in San Francisco, California conducted by a mutually agreeable mediator from Judicial Arbitration and Mediation Services ("JAMS") or its successor under the JAMS Rules of Practice and Procedure then in effect, which



can be found at [www.jamsadr.com/adr-rules-procedures](http://www.jamsadr.com/adr-rules-procedures). The cost of all JAMS' mediation fees shall be paid by the Company. In the event that mediation is unsuccessful in resolving the Arbitrable Claims, the Arbitrable Claims shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Francisco, California conducted by JAMS or its successor, under the then applicable rules of JAMS.

**The Executive and the Company each acknowledge that by agreeing to this arbitration procedure, both the Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.**

The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that the Executive or the Company would be entitled to seek in a court of law. With respect to attorney's fees, the arbitrator shall award to the Executive her attorneys' fees based on a determination of the extent to which the Executive has prevailed as to the material issues raised in determination of the dispute (and, for the avoidance of doubt, regardless of the extent to which the Company has prevailed as to the material issues raised in determination of the dispute, the arbitrator is not authorized to award to the Company any portion of its attorney's fees); and, moreover, to the extent the Executive prevails as to substantially all of the material issues raised in determination of the dispute, the arbitrator shall award to the Executive all of her attorneys' fees. The Company shall pay all JAMS' arbitration fees. Nothing in this Agreement is intended to prevent either the Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such mediation or arbitration.

**12. Advancement of Executive's Legal Fees.** In connection with the resolution of any dispute in accordance with Section 11, the Company shall advance to the Executive all reasonable attorneys' fees of the Executive as they are incurred and reasonably documented by the Executive in respect of any mediation, arbitration or litigation related thereto. The Executive shall not be required to reimburse the Company for any such advances of attorney's fees until a final determination is made with respect to such dispute and, then, the Executive's obligation to repay any such advances shall, (i) in the context of mediation or arbitration, be subject to an affirmative determination of the mediator or arbitrator that the Executive is obligated to repay such advances and (ii) in the context any litigation, be subject to the condition that substantially all of the material issues raised in such litigation have been resolved by a final (non-appealable) judgement in favor of the Company.

**13. Assignment; Successors.** This Agreement is personal in its nature, and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that, in the event of the merger, consolidation, transfer, or sale of all or substantially all of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

**14. Governing Law.** This Agreement and the legal relations thus created between the parties hereto shall be governed by and construed under and in accordance with the laws of the State of California.

**15. Entire Agreement; Headings.** This Agreement embodies the entire agreement of the parties with respect to the subject matter hereof and supersedes in their entirety all other or prior agreements, whether oral or written, with respect thereto, including but not limited to the Prior Agreement, but excluding the plans, programs and equity award agreements under which compensation and benefits are provided pursuant to Sections 3 and 4 hereof (and, to the extent such plans, programs and/or equity award agreements contain more favorable terms, such terms shall continue to apply). Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

**16. Waiver; Modification.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of, or failure to insist upon strict compliance with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

**17. Severability.** In the event that a court of competent jurisdiction determines that any portion of this Agreement is in violation of any statute or public policy, only the portions of this Agreement that violate such statute or public policy shall be stricken. All portions of this Agreement that do not violate any statute or public policy shall continue in full force and effect. Further, any court order striking any portion of this Agreement shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties under this Agreement.

**18. Indemnification.** The Company shall indemnify and hold Executive harmless to the maximum extent permitted by Section 2-418 of the Maryland General Corporations Law or its successor statute, or if greater, by the Company's Bylaws, by any applicable resolution of the

Board or by the terms providing the most extensive indemnification contained in any written agreement between the Company and any director or officer of the Company. The Company shall make Executive a named beneficiary under all director and officer liability policies maintained by the Company from time to time for the benefit of its directors and officers, entitled to all benefits provided thereunder to persons serving in a comparable role as an officer of the Company. During the Term and for a term of six years thereafter, the Company shall purchase and maintain, at its own expense, directors and officers liability insurance providing coverage for Executive in respect of acts and omissions of the Executive in her capacity as such and occurring during Executive's employment.

**19. Section 409A.** Any payments under this Agreement subject to Section 409A of the Code that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as a termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits shall be paid to the Executive during the six (6)-month period following the Executive's "separation from service" from the Company (within the meaning of Section 409A of the Code, a "Separation from Service") if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period. Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A of the Code to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Agreement may only be made upon the Executive's "separation from service" from the Company.

**20. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

**21. Successor Sections.** References herein to sections or rules of the Code shall be deemed to include any successor sections or rules.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the Effective Date.

**REDWOOD TRUST, INC.**

By: /s/ Christopher J. Abate  
Christopher J. Abate  
Chief Executive Officer

**EXECUTIVE**

/s/ Sasha G. Macomber  
Sasha G. Macomber

**EXHIBIT A**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, **Sasha G. Macomber** (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and her heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement.

This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and

Restated Employment Agreement with the Company(the “Employment Agreement”), the Company’s bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company’s payment obligations under Section 7 of the Employment Agreement, as well as the Company’s other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive’s vested equity awards and other awards, or (v) claims relating to or arising out of the Executive’s fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under her Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not do so); (C) Executive has twenty-one (21) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; and (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party’s release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any

federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.

(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii) made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the



Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Sasha G. Macomber

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Sasha G. Macomber (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and her heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement. This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and Restated Employment Agreement with the

Company(the "Employment Agreement"), the Company's bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company's payment obligations under Section 7 of the Employment Agreement, as well as the Company's other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive's vested equity awards and other awards, or (v) claims relating to or arising out of the Executive's fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under her Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not do so); (C) Executive has forty-five (45) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement; and (F) Executive has received with this Release Agreement a detailed list of the job titles and ages of all employees who were terminated in this group termination and the ages of all employees of the Company in the same job classification or organizational unit who were not terminated.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party's release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.

(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii) made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Sasha G. Macomber

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**  
**Section 2870 of California Labor Code**

Section 2870 of California Labor Code: Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

1. Any provision and employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities or trade secret information except for those inventions that either:

1. Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
2. Result from any work performed by the employee for the employer.

b. To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.



## EXHIBIT D

### DEFINITION OF “CHANGE OF CONTROL”

*With respect to (i) equity-based or equity-related awards granted prior to November 6, 2020 and (ii) long-term incentive and/or retention compensation awards that are payable in cash granted prior to November 6, 2020, the following definition of Change of Control shall apply:*

“Change of Control” refers to the occurrence of any of the following:

(1) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires ownership of stock of the Company that, together with other stock held by such person or group constitutes more than 50 percent of the total fair market value or total voting power of all stock of the Company; or

(2) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30 percent or more of the total voting power of the stock of the Company; or

(3) during any 12-month period, a majority of the members of the Company’s board of directors is replaced by directors whose appointment or election is not endorsed by a majority of the members of the Company’s board of directors prior to such appointment or election; or

(4) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisition; provided, that that no change of control shall be deemed to occur when the assets are transferred to:

(x) a shareholder of the Company in exchange for or with respect to its stock,

(y) a person, or more than one person acting as a group (within the meaning of Section 409A of the Code), that owns, directly or indirectly, 50

percent or more of the total value or voting power of all of the outstanding stock of the Company, or

(z) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person that owns directly or indirectly 50 percent or more of the total value or voting power of all of the outstanding stock of the Company, in each case with such persons status determined immediately after the transfer of assets.”

*With respect to (i) equity-based or equity-related awards granted on or following November 6, 2020 and (ii) long-term incentive and/or retention compensation awards that are payable in cash granted on or following November 6, 2020, the following definition of Change of Control shall apply:*

“Change of Control” refers to the occurrence of any of the following:

a. A transaction or series of transactions (other than an offering of common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 30% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

b. During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c) of this definition) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

c. The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

i. which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

ii. after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 30% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction."

## EXHIBIT E

### COPY OF REDWOOD TRUST, INC.'S POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The Board of Directors (the “*Board*”) of Redwood Trust, Inc. (the “*Company*”) has adopted this Policy for Recovery of Erroneously Awarded Compensation (the “*Policy*”), effective as of October 2, 2023 (the “*Effective Date*”). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

#### 1. Persons Subject to Policy

This Policy shall apply to current and former Designated Officers of the Company.

#### 2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is “received” shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is “received” in the Company’s fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

#### 3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Designated Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person’s right to voluntarily terminate employment for “good reason,” or due to a “constructive termination” (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

#### 4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation, Erroneously Awarded Compensation or time-vesting equity or cash awards, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other

compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

#### **5. Administration**

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the “Committee” shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders or stockholders, and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, or to third-party agents of the Company, as permitted under applicable law, including any Applicable Rules.

#### **6. Interpretation**

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

#### **7. No Indemnification; No Liability**

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person’s potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

#### **8. Application; Enforceability**

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to (but without duplication of), any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based or cash-based plan or award agreement

thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the “*Other Recovery Arrangements*”). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

#### **9. Severability**

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

#### **10. Amendment and Termination**

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

#### **11. Definitions**

“*Applicable Rules*” means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company’s securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company’s securities are listed.

“*Committee*” means the Compensation Committee of the Board, for so long as it is comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee or such independence, a majority of the independent directors (or as determined under the Applicable Rules) serving on the Board.

“*Designated Officer*” means each designated person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

“*Erroneously Awarded Compensation*” means the amount of Incentive-Based Compensation received by a current or former Designated Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Designated Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Reporting Measure*” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements,

and any measures derived wholly or in part from such measures, including GAAP and non-GAAP financial measures, as well as stock or share price and total equityholder or stockholder return.

“**GAAP**” means United States generally accepted accounting principles.

“**Impracticable**” means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempt(s) to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association or (b) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“**Incentive-Based Compensation**” means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as a Designated Officer; (b) who served as a Designated Officer at any time during the performance period for that compensation; (c) while the Company has a class of securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“**Restatement**” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Three-Year Period**” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

**NINTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT**

This Ninth Amended and Restated Employment Agreement (“Agreement”), effective as of August 6, 2024 (the “Effective Date”), is entered into by and between **Andrew P. Stone** (the “Executive”) and **Redwood Trust, Inc.**, a Maryland corporation (the “Company”), and amends and restates in its entirety that certain Eighth Amended and Restated Employment Agreement by and between the Executive and the Company dated November 3, 2023 (the “Prior Agreement”).

The Company desires to establish its right to the continued services of the Executive, in the capacity, on the terms and conditions, and subject to the rights of termination hereinafter set forth, and the Executive is willing to accept such continued employment in such capacity, on such terms and conditions, and subject to such rights of termination.

In consideration of the mutual agreements hereinafter set forth, the Executive and the Company have agreed and do hereby agree as follows:

**1. Employment and Responsibilities.** During the Term, the Executive shall serve as Executive Vice President and sole Chief Legal Officer of the Company, reporting to the Chief Executive Officer of the Company, with responsibilities, duties and authority customary for such position. The Executive does hereby accept and agree to such continued employment. The Chief Executive Officer may, from time to time, in his sole discretion, modify, reassign and/or augment the Executive’s responsibilities, subject to prior approval by the Board of Directors of the Company (the “Board”), and any such modification, reassignment and/or augmentation shall be deemed a waiver by the Executive of his rights under Section 6(e)(i) hereof only with his express prior written consent. Any such modification, reassignment or augmentation of responsibilities shall be in writing. The Executive shall devote such time, energy and skill to the performance of his duties for the Company and for the benefit of the Company as may be necessary or required for the effective conduct and operation of the Company’s business.

**2. Term of Agreement.** The term of this Agreement (the “Term”) shall commence on the Effective Date and shall continue through December 31, 2024; provided, however, that (i) on January 1, 2025 and each succeeding January 1, the Term shall automatically be extended for one additional year unless, not later than three months prior to any such January 1, either party shall have given written notice to the other that it does not wish to extend the Term and (ii) such one year extensions of the Term shall not occur on and after the January 1 of the year in which the Executive will attain age sixty-five (65) but instead the Term shall be extended only until the date of the Executive’s sixty-fifth (65th) birthday.



### 3. Compensation.

(a) **Base Salary.** The Company shall pay the Executive, and the Executive agrees to accept from the Company, in payment for his services to the Company a base salary (the “Base Salary”) at the rate of not less than \$500,000 per year, paid in accordance with the customary payroll practices of the Company subject to annual review and increase by the Board in its sole discretion (or by the Board’s separately designated Compensation Committee in its sole discretion). For the avoidance of doubt, references to the Board in this Section 3 shall include the Board’s separately designated Compensation Committee.

(b) **Performance Bonus.** The Executive shall be eligible to receive an annual bonus. The Board in its discretion will determine whether such annual bonus will be paid, the amount of such bonus and its form of payment. The Executive’s target annual bonus amount is 175% of his Base Salary or such greater amount as may subsequently be established by the Board (the “Target Bonus”). During the first ninety (90) days of each calendar year, the Board, in consultation with the Chief Executive Officer, shall establish the performance goals applicable to such year’s annual bonus opportunity, as well as the framework for awarding an annual bonus that is higher or lesser than the Target Bonus. Such criteria shall be established by the Board, after consultation with the Executive, and pursuant to a process that is consistent with past practice. If the Board determines in its discretion that the Executive’s performance meets or exceeds the criteria established by the Board for the award of a Target Bonus, the Board may award the Executive the Target Bonus or a higher amount. Likewise, if the Board determines in its discretion that the Executive’s performance does not meet said criteria, the Board may award a lesser amount, or no bonus may be awarded. Unless otherwise provided in this Agreement, the Executive’s eligibility to receive any bonus under this paragraph shall be expressly conditioned on, among other things, the Executive remaining employed with the Company up through any designated distribution date set by the Board.

Notwithstanding the foregoing paragraph, in the event of a “Change of Control” (as defined in Exhibit D attached hereto) or an Externalization of Management (as defined in herein), immediately prior to such Change of Control or Externalization of Management the Company shall be obligated to pay the Executive: (A) when such Change of Control or Externalization of Management occurs during a calendar year in respect of which no annual bonus has yet been paid, a pro-rated annual bonus for such calendar year, based on the number of days in such calendar year prior to the Change of Control or Externalization of Management; and (B) when such Change of Control or Externalization of Management occurs after the conclusion of a calendar year in respect of which no annual bonus has yet been paid (i.e., such Change of Control or Externalization of Management occurs after December 31st, but before the designated payment date for the annual bonus in respect of such completed calendar

year), an annual bonus for such completed calendar year. In the case of both of the preceding clauses (A) and (B), such amounts shall each be separately subject to any cap on Executive's annual bonus previously established by the Board (or any committee thereof) and shall each be determined in accordance with the criteria most recently designated by the Board (or any committee thereof) for the determination of such amounts, as follows: (I) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the financial performance of the Company with respect to a calendar year, shall be paid in amounts based on the attainment of such criteria (on an annualized basis, if in respect of less than a full calendar year), through the date immediately prior to such Change of Control or Externalization of Management (or, as applicable, through the end of any such completed calendar year) and in accordance with the methodology previously approved by the Board (or any committee thereof) for payment of such amounts of annual bonus (i.e., an amount at, higher, or lower than the target amounts for such portions of annual bonus); and (II) any portion of the annual bonus amounts that had been previously designated by the Board (or any committee thereof) to be determined relative to the achievement of criteria measuring the individual performance of the Executive, shall be paid in amounts equal to the target amount of such portion of the Executive's annual bonus.

**(c) Equity Incentive Awards.** The Executive shall be eligible to receive grants of equity-based long-term incentive awards, which may include options to purchase Company stock, performance or restricted stock units and Company restricted stock contributions to Company's deferred compensation plan, or other equity-based awards. Such awards shall be determined in the discretion of the Board and the Executive shall be eligible for consideration for such awards in the same manner as other senior executive officers of the Company. In the event of a Change of Control in which the surviving or acquiring corporation does not assume the Executive's outstanding equity-related awards (including options and equity-based awards granted both before and after the Effective Date) or substitute similar equity-related awards of substantially equivalent value, such equity-related awards shall immediately vest and become exercisable if the Executive's service with the Company has not terminated before the effective date of the Change of Control; provided, however, that the foregoing provision shall only apply if the Company is not the surviving corporation or if shares of the Company's common stock are converted into or exchanged for other securities or cash.

**(d) Annual Review.** The Executive's performance shall be reviewed periodically. The performance evaluations shall consider and assess the Executive's performance of his duties and responsibilities, the accomplishment of established performance objectives, and/or other factors or criteria that the Board, in its sole

discretion, may deem relevant. The frequency of performance evaluations may vary depending upon, among other things, length of service, past performance, changes in job duties or performance levels, but generally would occur on an annual basis. The Board shall, at least annually, review the Executive's entire compensation package to determine whether it continues to meet the Company's compensation objectives. Such annual review will include a determination of (i) whether to increase the Base Salary in accordance with Section 3(a); (ii) the incentive performance bonus to be awarded in accordance with Section 3(b); and (iii) the amount and type of any equity awards granted in accordance with Section 3(c). Salary increases and incentive bonus awards are solely within the discretion of the Board and may depend upon many factors other than the Executive's performance.

**(e) Acknowledgement of Company's Policy for Recovery of Erroneously Awarded Compensation.** A copy of the Company's Policy for Recovery of Erroneously Awarded Compensation (the "Erroneously Awarded Compensation Policy") is attached as Exhibit E hereto. The Executive hereby acknowledges such Erroneously Awarded Compensation Policy and agrees to the terms thereof and understands that compensation received by the Executive may be subject to reduction, cancellation, forfeiture and/or recoupment in accordance with, and to the extent necessary, for the Company to comply with the Erroneously Awarded Compensation Policy, notwithstanding any other agreement to the contrary. The Executive further acknowledges and agrees that he is not entitled to indemnification to compensate him for any such reduction, cancellation, forfeiture and/or recoupment of compensation under such Erroneously Awarded Compensation Policy and expressly waives any rights to such indemnification under the Company's organizational documents, under this Agreement, and/or any indemnification agreement between the Executive and the Company, or otherwise.

**(f) Erroneous Underpayment of Compensation.** With respect to any Incentive Based Compensation (as defined in the Erroneously Awarded Compensation Policy) granted to the Executive during the Term, if a Restatement (as defined in the Erroneously Awarded Compensation Policy) results in an applicable restated Financial Reporting Measure (as defined in the Erroneously Awarded Compensation Policy) being positively impacted (i.e., being increased rather than decreased), the Executive will be entitled to receive additional compensation in an amount equal to the difference between the amount of Incentive Based Compensation the Executive should have received (i.e., based on the restated Financial Reporting Measure) and the amount of Incentive Based Compensation the Executive received (i.e., based on the original, non-restated Financial Reporting Measure) (the "Additional Compensation"). The terms and conditions of any Additional Compensation (including, for example, the methodology for calculation of the amount of the Additional Compensation, and the

form of, and vesting and payment terms applicable to, the Additional Compensation) shall be determined by the Board or its Compensation Committee in its sole discretion in a manner consistent with the Erroneously Awarded Compensation Policy (to the extent applicable) and with any applicable plan, program and/or award agreement governing and/or evidencing such Incentive Based Compensation.

**4. Fringe Benefits.** The Executive shall be entitled to participate in any benefit programs adopted from time to time by the Company for the benefit of its senior executive officers, and the Executive shall be entitled to receive such other fringe benefits as may be granted to him from time to time by the Board.

**(a) Benefit Plans.** The Executive shall be entitled to participate in any benefit plans relating to equity-based compensation awards, pension, thrift, profit sharing, life insurance, medical coverage, education, deferred compensation, or other retirement or employee benefits available to senior executive officers of the Company, subject to any restrictions (including waiting periods) specified in such plans and/or related individual agreements. The Company shall make commercially reasonable efforts to obtain medical and disability insurance, and such other forms of insurance as the Board shall from time to time determine, for its senior executive officers.

**(b) Paid Time Off.** The Executive shall be entitled to paid time off each calendar year pursuant to the Company's policies applicable to senior executive officers of the Company, as in effect from time to time.

**5. Business Expenses.** The Company shall reimburse the Executive for any and all necessary, customary and usual expenses, properly receipted in accordance with Company policies, incurred by the Executive on behalf of the Company.

**6. Termination of Executive's Employment.**

**(a) Death.** If the Executive dies while employed by the Company, his employment shall immediately terminate. The Company's obligation to pay the Executive's Base Salary shall cease as of the date of the Executive's death, and any unpaid Base Salary shall be paid to the Executive's estate. In addition, (i) within fifteen (15) days of the Executive's death, the Company shall pay to the Executive's estate an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year of his death, and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive's beneficiaries or his estate shall receive

benefits in accordance with the Company's retirement, insurance and other applicable programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(a) shall apply, mutatis mutandis, to any such award(s).

**(b) Disability.** If, as a result of the Executive's incapacity due to physical or mental illness ("Disability"), the Executive shall have been unable to perform his duties to the Company for six (6) consecutive months, and, within thirty (30) days after written notice is provided to him by the Board, he shall not have resumed the performance of his duties, the Executive's employment under this Agreement may be terminated by the Company for Disability. During any period prior to such termination during which the Executive is unable to perform his duties to the Company due to Disability, the Company shall continue to pay the Executive his Base Salary at the rate in effect at the commencement of such period of Disability and any earned but unpaid annual bonus from a prior service year. Subsequent to such termination, the Executive's benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs. In addition, if such a termination for Disability occurs then (i) within fifteen (15) days of such termination, the Company shall pay to the Executive an incentive performance bonus based on Executive's Target Bonus then in effect, prorated for the number of days of employment completed by the Executive during the year in which his employment terminated and (ii) the Company shall pay to the Executive's estate any earned but unpaid annual bonus from a prior service year (as and when such bonuses become payable generally). The Executive, the Executive's beneficiaries or his estate shall receive benefits in accordance with the Company's retirement, insurance and other applicable programs and plans then in effect. All stock options or other equity-related awards with time-based vesting, including deferred or

restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). All stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than one year or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 6(b) shall apply, mutatis mutandis, to any such award(s). Notwithstanding the foregoing provisions of this Section 6(b), if such a termination for Disability occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management, and such termination constitutes a Separation from Service (as defined below), then such termination shall be treated for purposes of this Agreement as termination by the Company of the Executive's employment without Cause and as a "CIC Termination", as applicable, pursuant to and as set forth in Section 6(d) and Section 7 below, respectively, and the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth therein in lieu of the payments, vesting, consideration, and benefits set forth in this Section 6(b).

**(c) Termination By The Company For Cause.** The Company may terminate the Executive's employment under this Agreement for Cause, at any time prior to expiration of the Term of the Agreement; provided, however, that prior to any termination of employment for Cause, the Board must first provide written notice describing the reason for such termination of employment (and, with respect to subsections (iv), (v) and (vi) below, such notice may be provided on the same date as the termination date). For purposes of this Agreement, "Cause" shall mean:

(i) the Executive's material failure to substantially perform the reasonable and lawful duties of his position for the Company, including any habitual or repeated neglect of such duties, which failure has caused, or could reasonably be expected to cause, significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(ii) acts or omissions constituting gross negligence, recklessness or willful misconduct on the part of the Executive in respect of the performance of his duties hereunder, his fiduciary obligations or otherwise relating to the business of the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iii) unauthorized use or disclosure of trade secrets or confidential or proprietary information pertaining to Company business, which use or disclosure has caused, or could reasonably be expected to cause significant injury to the interests, property, operations, business or reputation of the Company, and which failure shall continue to be uncured for thirty (30) days after written notice thereof by the Board to the Executive;

(iv) acts or omissions constituting willful misconduct on the part of the Executive in respect of the performance of his fiduciary duty of loyalty to the Company, which failure has caused material injury to the interests, property, operations, business or reputation of the Company;

(v) theft or embezzlement, or attempted theft or embezzlement, of money or tangible or intangible assets or property of the Company or its employees, customers, clients, or others having business relations with the Company;

(vi) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a non-vehicular felony, including, without limitation, a non-vehicular felony the elements of which involve fraud, dishonesty, or moral turpitude;

(vii) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a misdemeanor the elements of which involve fraud, dishonesty, or moral turpitude, and which is substantially related to the Executive's employment and duties to the Company; or

(viii) the Executive's commission of a crime the elements of which involve fraud, dishonesty, or moral turpitude, and which has caused, or could reasonably be expected to cause, material injury to the interests, property, operations, business or reputation of the Company.

In the event of a termination under this Section 6(c), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe

benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(d) Termination By The Company Without Cause.** The Company may terminate the Executive's employment hereunder at any time without Cause upon 30 days written notice to the Executive or pay in lieu thereof. In the event of a termination under this Section 6(d), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

**(e) Termination By The Executive For Good Reason.** The Executive shall have the right to terminate the Executive's employment under this Agreement for Good Reason, at any time prior to expiration of the Term of the Agreement. For purposes of this Agreement, "Good Reason" shall mean the occurrence (without the Executive's express written consent that such occurrence does not constitute "Good Reason"), of any one or more of the following events:

**(i)** A material reduction in the Executive's responsibilities, title, duties or authority, including, without limitation, any of the following events, which are hereby deemed to have the effect of a material reduction in Executive's responsibilities, duties and authority: (A) the Executive ceasing to serve as the sole chief legal officer of a publicly traded company, (B) the Company entering into and consummating one or more agreements with one or more Third-Party External Management Companies (as defined below), which, when taken alone or together, provide for the external management of all or substantially all of the Company's assets and/or operations (an "Externalization of Management"), or (C) on or after a Change of Control, if as a result of such Change of Control, the Company becomes a subsidiary of another entity and the Executive is not appointed (or after appointment, ceases) to be the sole chief legal officer of the top-tier parent entity of the Company (or its successor); provided that, for the avoidance of doubt, the appointment of the Executive to a top-tier parent entity that is not publicly traded does not eliminate the Executive's rights under any of sub-clauses (A), (B) or (C) above;

**(ii)** A reduction in the Executive's Base Salary or in the Executive's Target Bonus or a material reduction by the Company in the value of the Executive's total compensation package (salary, bonus opportunity, equity incentive award opportunity and benefits) if such a reduction is not made in proportion to an across-the-board reduction for all senior executives of the Company (and for the avoidance of doubt, following a Change of Control, the reference to senior executives of the Company shall include, without limitation, all senior executives of any top tier parent entity of any acquiror of and/or successor to Redwood Trust, Inc.);

**(iii)** The relocation of the Executive's principal Company office to a location not within the area of Marin County, California (commonly referred to as the "Highway



101 Corridor”), except for required travel away from the Executive’s principal Company office on the Company’s business to the extent necessary to fulfill the Executive’s obligations under Section 1 (provided that any such travel explicitly required by the Company may not exceed thirty (30) days during any calendar year);

(iv) A failure by the Company at any time to renew this Agreement for successive one-year periods pursuant to Section 2;

(v) The complete liquidation of the Company; or

(vi) In the event of a merger, consolidation, transfer, or closing of a sale of all or substantially all the assets of the Company with or to any other individual or entity, the failure of the Company’s successor to affirmatively adopt this Agreement (no later than the closing of the applicable transaction) or to otherwise comply with its obligations pursuant to Section 13 below.

Notwithstanding the foregoing, at any time prior to a Change of Control, the Executive will not be deemed to have resigned for Good Reason for purposes of subclause (i) unless (1) the Executive provides the Board with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason (the “Good Reason Notice”) within one hundred twenty (120) days after the date of the occurrence of any event that the Executive knows to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice or prior to a Change of Control, whichever shall occur earlier, and (3) the effective date of the Executive’s termination for Good Reason occurs no later than thirty (30) days after the expiration of the Company’s cure period; provided, however, that if the Executive reasonably believes that circumstances constituting “Good Reason” for the Executive to terminate his/her employment under this Agreement will exist immediately following a Change of Control or Externalization of Management, then the Executive may provide the Company with a Good Reason Notice no later than five (5) business days prior to the consummation of such Change of Control or Externalization of Management (and in such event the Company shall not be entitled to a period to cure) and the Executive’s resignation for Good Reason, if accepted by the Board, shall be deemed effective and binding on the Company (and any successor thereto) as of such time as may be determined by the Board (provided that any such effective time shall not be earlier than immediately following the consummation of the Change of Control or Externalization of Management). Following a Change of Control or Externalization of Management, in order to resign for Good Reason, the Executive must provide a Good Reason Notice, but the Company shall not be entitled to a cure period. In addition, following a Change of Control, the

determination of whether to accept the Executive's resignation for Good Reason shall be determined by the "Review Committee" as set forth in sub-section (g) below.

In the event of a termination under this Section 6(e), the Executive shall be entitled to the payments, vesting, consideration, and benefits set forth in Section 7.

For purposes of this Agreement, "Third-Party External Management Company" is defined as follows: an entity engaged to externally manage some or all of the Company's assets and/or operations that is not (i) a majority-owned subsidiary of the Company or otherwise controlled by the Company, (ii) owned, in whole or in part, by the Executive or otherwise controlled by the Executive or (iii) an entity for which the Executive serves as a director or officer (or for which the Executive otherwise acts as a manager or fiduciary).

**(f) Termination By The Executive Without Good Reason.** The Executive may at any time during the Term terminate his employment hereunder for any reason or no reason by giving the Company notice in writing not less than sixty (60) days in advance of such termination. The Executive shall have no further obligations to the Company after the effective date of termination, as set forth in the notice. In the event of a termination by the Executive under this Section 6(f), the Company will pay only the portion of Base Salary or previously awarded bonus unpaid as of the termination date. Fringe benefits which have accrued and/or vested on the termination date will continue in effect according to their terms.

**(g) Administration of Agreement Upon Change of Control.** Notwithstanding anything herein to the contrary, in the event of a Change of Control, prior to and in any event not later than ten (10) days before the consummation of such Change of Control, the Company may designate a committee of two or more members of the Board as constituted immediately prior to the Change of Control (the "Review Committee") for the purpose of making any determination as to whether, solely for purposes of this Agreement, Executive's employment is terminated with or without Cause or if Executive's resignation is with or without Good Reason; provided that, in any Change of Control in which two or more members of the Board as constituted immediately prior to the Change of Control shall continue to act as members of the Board of the Company (or act as members of the board of directors or board of trustees (or otherwise as fiduciaries)) of any successor or parent entity of the Company) following such Change of Control, the Company shall be required to designate such a Review Committee. For the avoidance of doubt, any such Review Committee shall have the sole authority and responsibility to review, and be authorized to accept, in its sole discretion, any Good Reason Notice submitted by the Executive pursuant to Section 6 during the 24-month period following a Change of Control.

**7. Compensation Upon Termination By the Company without Cause or By The Executive for Good Reason.**

(a) If the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason, the Executive shall be entitled to the following payments, vesting, consideration, and benefits:

(i) **Payment of Unpaid Base Salary.** The Company shall immediately pay the Executive any portion of the Executive's Base Salary through the date of termination or previously awarded bonus not paid prior to the termination date.

**(ii) Severance Payment.**

(A) In the event such termination is not a CIC Termination (as defined below), then the Company shall provide the Executive the greater of the amounts set forth in clauses (1) and (2) immediately below:

(1) An amount equal to the sum of (x) an amount equal to three-quarters (0.75) times the sum of (i) Executive's Annual Base Salary as in effect immediately prior to his termination and (ii) Executive's Target Bonus in effect immediately prior to his termination and (y) an amount equal to the Executive's Target Bonus in effect immediately prior to his termination pro-rated for the number of days of employment completed by the Executive during the year in which his employment is terminated.

(2) An amount equal to the sum of (x) an amount equal to two (2) times the Executive's Annual Base Salary as in effect immediately prior to his termination and (y) an amount equal to the Executive's Annual Base Salary in effect immediately prior to his termination pro-rated for the number of days of employment completed by the Executive during the year in which his employment is terminated.

(B) In the event such termination of employment occurs within three months prior to, on, or within 24 months following a Change of Control or Externalization of Management (a "CIC Termination"), then instead of providing the payments in Section 7(a) (ii)(A), the Company shall provide the Executive an amount equal to the sum of (x) the Executive's Target Bonus in effect immediately prior to his termination, prorated for the number of days of employment completed by the Executive during the year in which his employment terminated; (y) one (1) times the Executive's Annual Base Salary as in effect immediately prior to his termination; and (z) one (1) times the Executive's Target Bonus in effect immediately prior

to his termination. Notwithstanding the foregoing, the maximum aggregate amount that the Company shall pay to the Executive pursuant to this Section 7(a)(ii)(B) is \$2,000,000.

**(iii) Equity Awards.** All stock options or other equity-related awards with time-based vesting, including deferred or restricted stock units, shall vest in full and, in the case of stock options, shall be exercisable for such period as set forth in the applicable award agreement by which such awards are evidenced (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Company without Cause, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable or exercisable based on (x) the performance goals set forth in the applicable award agreement by which such awards are evidenced and (y) a reduced number of target shares adjusted on a pro-rata basis to reflect the number of days of employment completed during the applicable vesting period in which termination occurs, with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). If the Executive's employment shall be terminated by the Executive for Good Reason, all stock options or other equity-related awards subject to performance-based vesting, including performance stock units, shall remain outstanding and shall continue to be eligible to vest and become payable based on the number of target shares and the performance goals set forth in the applicable award agreement by which such awards are evidenced (i.e., shall be eligible to vest following application of actual performance achievement to the number of target shares in the same manner as applicable to active officers or employees of the Company who hold similar awards), with any stock options remaining exercisable for such period as set forth in the applicable award agreement (but in no event for a period of less than two years or through the expiration date of the stock option, whichever is earlier). In addition, in the event the Company grants to the Executive a cash-settled equity award or a long-term incentive compensation award payable in cash, this Section 7(a)(iii) shall apply, mutatis mutandis, to any such award(s).

**(iv) Continuation of Fringe Benefits.** For a period of up to nine (9) months (or, in the event of a CIC Termination, twelve (12) months) following the date of the Executive's termination of employment with Company, subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations thereunder, the Company shall continue to provide the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Employee's elections in effect on the date of

termination (the “Continued Coverage”), provided that (1) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A of the Code under Treasury Regulation Section 1.409A-1(a)(5), or (2) the Company is otherwise unable to continue to cover the Executive under its group health plans without penalty under applicable law (including without limitation, Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), the Company may in its sole discretion provide that (i) the Executive shall pay to the Company, on an after-tax basis, a monthly amount equal to the full premium cost of the Continued Coverage for such month and (ii) within 30 days of such premium payment, the Company shall reimburse the Executive in cash (less required withholding) an amount equal to the sum of (A) the excess of (x) the full premium cost of the Continued Coverage for such month over (y) any premium amount that would have been payable by the Executive if the Executive had been actively employed by the Company for such month and (B) an additional cash amount equal to the aggregate imputed or imposed federal, state and local taxes on any such amount in subclause (A), plus any taxes imposed on such cash amount, so that the Executive on an after-tax basis is in the same position as if there had been no imputation or imposition of income on the Executive. **For the nine (9) month (or, in the event of a CIC Termination, twelve (12) month) period following the termination of the Executive’s employment, the Company shall also continue to provide the Executive with all life insurance, disability insurance and other fringe benefits set forth in Section 4 as if the Executive’s employment under the Agreement had not been terminated; provided, however, that such life insurance, disability insurance and other fringe benefits shall cease as of the date the Executive receives such coverage from a subsequent employer.**

**(v) Payment/Benefit Limitation.** If any payment or benefit due under this Agreement, together with all other payments and benefits that the Executive receives or is entitled to receive from the Company or any of its subsidiaries, affiliates or related entities, would (if paid or provided) constitute an “excess parachute payment” for purposes of Section 280G of the Code, the amounts otherwise payable and benefits otherwise due under this Agreement will either (i) be delivered in full, or (ii) be limited to the minimum extent necessary to ensure that no portion thereof will fail to be tax-deductible to the Company by reason of Section 280G of the Code (and therefore, no portion thereof will be subject to the excise tax imposed under Section 4999 of the Code), whichever of the foregoing amounts, taking into account applicable federal, state and local income and employment taxes and the excise tax imposed under Section 4999 of the Code, results in the receipt by the Executive, on an after-tax basis, of the greatest amount of payments and benefits, notwithstanding that all or some portion of such payments and/or benefits may be subject to the excise tax imposed under Section 4999 of the Code. Unless otherwise specified in writing by the Executive, in the event that the payments

and/or benefits are to be reduced pursuant to this Section 7(a)(v), such payments and benefits shall be reduced such that the reduction of cash compensation to be provided to the Executive as a result of this Section 7 is minimized. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. All determinations required to be made under this Section 7(a)(v) shall be made by the Company's independent public accounting firm (or such other nationally recognized public accounting firm as may be selected by the Company and to which selection the Executive consents (such consent not to be unreasonably withheld)) which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a payment or benefit subject to this Section 7(a)(v), or such earlier time as is requested by the Company.

**(b) No Mitigation Required; No Other Entitlement To Benefits Under Agreement.** The Executive shall not be required in any way to mitigate the amount of any payment provided for in this Section 7, including, without limitation, by seeking other employment, nor shall the amount of any payment provided for in this Section 7 be reduced by any compensation earned by the Executive as the result of employment with another employer after the termination date of employment, or otherwise. Except as set forth in this Section 7, following a termination governed by this Section 7, the Executive shall not be entitled to any other compensation or benefits set forth in this Agreement, except as may be separately negotiated by the parties and approved the Board in writing in conjunction with the termination of the Executive's employment under this Section 7.

**(c) Release Agreement.** (i) As a condition of receiving any of the payments, vesting, consideration and benefits set forth in this Section 7 (other than the payment provided for in sub-section 7(a)(i)) at any time prior to a Change of Control, the Executive shall be required to execute a mutual release agreement substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and such release agreement must have become effective in accordance with its terms within 60 days following the termination date (which form of mutual release agreement the Company, in its sole discretion, may modify to comply with applicable law, and which form of mutual release agreement may be incorporated into a termination agreement or other agreement with the Executive).

(ii) With respect to the Executive's receipt of any of the payments, vesting, consideration and benefits set forth in this Section 7 at the time of, or following, a Change of Control or Externalization of Management, the Executive shall not be required to execute any type of release or general release agreement in favor of the Company; provided that, in connection with any termination of the Executive's employment by the Company without

“Cause” or any termination of the Executive’s employment by the Executive for “Good Reason”, the Executive has the option to require the Company to enter into and execute a mutual release agreement with the Executive substantially in the form attached hereto as Exhibit A or Exhibit B, as appropriate, and, if so required by the Executive, the Company and the Executive agree that such release agreement must be executed and have become effective in accordance with its terms within 60 days following the termination date.

**(d) Timing of Severance Payments.** Notwithstanding any other provision of this Agreement, all severance payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable in an amount equal to 75% of such payments on the date that is six months after the termination date, and the remaining 25% shall be payable in six equal monthly installments beginning on the date that is seven months after the termination date and continuing on the same date of each of the five months thereafter.

**(e) Timing of Bonus Payments.** Notwithstanding any other provision of this Agreement, all bonus payments provided under this Agreement in connection with the termination of the employment of the Executive shall be payable on the date that is six months after the termination date.

**8. Disputes Relating To Executive’s Termination of Employment For Good Reason.** If the Executive resigns his employment with the Company alleging in good faith as the basis for such resignation “Good Reason” as defined in Section 6(e), and if the Company then disputes the Executive’s right to the payments, vesting, consideration, and benefits provided for under Section 7, the Company shall continue to pay the Executive the full compensation (including, without limitation, his Base Salary, annual bonus and equity-based long-term incentive awards) in effect at the date the Executive provided written notice of such resignation, and the Company shall continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive was then a participant, and provide continuing vesting for any compensation, award or benefit with a vesting condition, until the date the dispute is finally resolved, either by mutual written agreement of the parties or by application of the provisions of Section 11. For the purposes of this Section 8, the Company shall bear the burden of proving that the grounds for the Executive’s resignation do not fall within the scope of Section 6(e), and there shall be a rebuttable presumption that the Executive alleged such grounds in good faith.

**9. Restrictive Covenant Provisions.**

**(a) Noncompetition.** The Executive agrees that during the Term prior to any termination of his employment hereunder, he will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, manage, operate, join, control, participate in, or be connected as a stockholder (other than as a holder of shares publicly

traded on a stock exchange or the NASDAQ National Market System), partner, or other equity holder with, or as an officer, director or employee of, any real estate or mortgage investment organization whose business strategy is competitive with that of the Company, as determined by a majority of the non-employee members of the Board. It is further expressly agreed that the Company will or would suffer irreparable injury if the Executive were to compete with the Company or any subsidiary or affiliate of the Company in violation of this Agreement and that the Company would by reason of such competition be entitled to injunctive relief in a court of appropriate jurisdiction, and the Executive further consents and stipulates to the entry of such injunctive relief in such a court prohibiting the Executive from competing with the Company or any subsidiary or affiliate of the Company, in the areas of business set forth above, in violation of this Agreement.

**(b) Duty To Avoid Conflict Of Interest.** During his employment by the Company, the Executive agrees not to engage or participate in, directly or indirectly, any activities in conflict with the best interests of the Company. The Company shall be the final decision-maker with regard to any conflict of interest issue.

**(c) Right To Company Materials.** The Executive agrees that all styles, designs, lists, materials, books, files, reports, correspondence, records, and other documents (“Company Materials”) used, prepared, or made available to the Executive shall be and shall remain the property of the Company. Upon the termination of employment or the expiration of this Agreement, the Executive shall immediately return to the Company all Company Materials, and the Executive shall not make or retain any copies thereof.

**(d) Nonsolicitation.** The Executive agrees that during the Term prior to any termination of his employment hereunder, he will not, directly or indirectly, without the prior written consent of a majority of the non-employee members of the Board, solicit any of the Company’s employees to work for any competing real estate or mortgage investment organization as determined under Section 9(a).

**(e) Confidential And Proprietary Information.**

**(1)** It is hereby acknowledged that the Executive has and shall gain knowledge of trade secrets and confidential information owned by or related to the Company and/or its affiliates including but not limited to the following: (i) the names, lists, buying habits and practices of customers, clients or vendors, (ii) marketing and related information, (iii) relationships with the persons or entities with whom or with which the Company has contracted, (iv) their products, designs, software, developments, improvements and methods of operation, (v) financial condition, profit performance and financial requirements, (vi) the compensation paid to employees, (vii) business plans and the information contained therein, and (viii) all other confidential information of, about or concerning the Company, the manner of operation of the



Company and other confidential data of any kind, nature or description relating to the Company (collectively, the "Confidential Information"). Confidential Information does not include information which (A) is or becomes generally available to the public other than as a result of a disclosure by the Executive; or (B) becomes available to the Executive on a non-confidential basis after the termination or expiration of the Executive's obligations under this Agreement from a source other than the Company, provided that such source is not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Company or any other party with respect to such information; or (C) is independently developed after the termination or expiration of the Executive's obligations under this agreement without reference to the Confidential Information, provided such independent development can reasonably be proven by the Executive by written records.

(2) The parties hereby acknowledge that the Confidential Information constitutes important, unique, material and confidential trade secrets which affect the successful activities of the Company, and constitute a substantial part of the assets and goodwill of the Company. In view of the foregoing, the Executive agrees that he will not at any time whether during or after the term of this Agreement, except as required in the course of the Executive's employment by Company and at its direction and for its sole benefit, in any fashion, form or manner, directly or indirectly (i) use or divulge, disclose, communicate or provide or permit access to any person, firm, partnership, corporation or other entity, any Confidential Information of any kind, nature or description, or (ii) remove from Company's premises any notes or records relating thereto, or copies or facsimiles thereof (whether made by electronic, electrical, magnetic, optical, laser, acoustic or other means).

(3) Promptly upon the request of Company, and immediately upon the termination of the Executive's employment, the Executive shall not transfer to any third person and shall deliver to Company all Confidential Information, and other property belonging to the Company, including all copies thereof, in the possession or under the control of the Executive.

(4) The Executive represents that the performance of all the terms of this Agreement will not conflict with, and will not breach, any other invention assignment agreement, confidentiality agreement, employment agreement or non-competition agreement to which the Executive is or has been a party. To the extent that the Executive has confidential information or materials of any former employer, the Executive acknowledges that the Company has directed the Executive to not disclose such confidential information or materials to the Company or any of its employees, and that the Company prohibits the Executive from using said confidential information or materials in any work that the Executive may perform for the Company. The Executive agrees that the Executive will not bring with the Executive to the Company, and will not use or disclose any confidential, proprietary information, or trade secrets acquired by the

Executive prior to his employment with the Company. The Executive will not disclose to the Company or any of its employees, or induce the Company or any of its employees to use, any confidential or proprietary information or material belonging to any previous employers or others, nor will the Executive bring to the Company or use in connection with the Executive's work for the Company copies of any software, computer files, or any other copyrighted or trademarked materials except those owned by or licensed to the Company. The Executive represents that he is not a party to any other agreement that will interfere with his full compliance with this Agreement. The Executive further agrees not to enter into any agreement, whether written or oral, in conflict with the provisions of this Agreement.

(5) Notwithstanding the generality of the foregoing, nothing in this Agreement is intended to prohibit the Executive from filing a charge with, reporting possible violations to, or participating or cooperating with the Securities and Exchange Commission or any other federal, state or local regulatory body or law enforcement agency, including in relation to any whistleblower, anti-discrimination, or anti-retaliation provisions of federal, state or local law or regulation. Pursuant to 18 U.S.C. Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

**(f) Inventions.** Any and all inventions, discoveries or improvements that the Executive has conceived or made or may conceive or make during the period of employment relating to or in any way pertaining to or connected with the systems, products, computer programs, software, apparatus or methods employed, manufactured or constructed by the Company or to systems, products, apparatus or methods with respect to which the Company engages in, requests or anticipates research or development, shall be promptly and fully disclosed and described by the Executive to the Company and shall be the sole and exclusive property of the Company, and the Executive shall assign, and hereby does assign, to the Company, the Executive's entire right, title and interest in and to all such inventions, discoveries or improvements as well as any modifications or improvements thereto that may be made.

The obligations outlined in this Section 9(f) do not apply to any invention that qualifies fully under California Labor Code Section 2870 (a copy of which is attached hereto as Exhibit C) or to any rights the Executive may have acquired in connection with an invention, discovery or improvement that was developed entirely on the Executive's own time for which no equipment, supplies, facilities or trade secret information of the Company was used and (a) that does not

relate directly or indirectly to the business of the Company or to the Company's actual or demonstrable anticipated research or development, or (b) that does not result from any work performed by the Executive for the Company.

**(g) [RESERVED]**

**(h) Breach.** It is expressly agreed that each breach of this Section 9 is a distinct and material breach of this Agreement and that solely a monetary remedy would be inadequate, impracticable and extremely difficult to prove, and that each such breach would cause the Company irreparable harm. It is further agreed that, in addition to any and all remedies available at law or equity (including money damages), either party shall be entitled to temporary and permanent injunctive relief to enforce the provisions of this Section, without the necessity of proving actual damages. It is further agreed that either party shall be entitled to seek such equitable relief in any forum, including a court of law, notwithstanding the provisions of Section 11. Either party may pursue any of the remedies described herein concurrently or consecutively in any order as to any such breach or violation, and the pursuit of one of such remedies at any time will not be deemed an election of remedies or waiver of the right to pursue any of the other such remedies.

**(i) Unenforceability.** Should any portion of this Section 9 be deemed unenforceable because of its scope, duration or effect, and only in such event, then the parties expressly consent and agree to such limitation on scope, duration or effect as may be finally adjudicated as enforceable, to give this Section 9 its maximum permissible scope, duration and effect.

**10. Notices.** All notices and other communications under this Agreement shall be in writing and shall be given by fax or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three (3) days after mailing or twenty-four (24) hours after transmission of a fax to the respective persons named below:

If to the Company: Redwood Trust, Inc.  
Attn: Chief Executive Officer  
One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373  
Fax: (415) 381-1773

If to the Executive: Andrew P. Stone  
c/o Redwood Trust, Inc.

One Belvedere Place, Suite 300  
Mill Valley, CA 94941  
Phone: (415) 389-7373  
Fax: (415) 381-1773

Either party may change such party's address for notices by notice duly given pursuant hereto.

**11. Resolution of Disputes.** To ensure the rapid and economical resolution of disputes that may arise in connection with the Executive's employment with the Company, the Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, the Executive's employment, or the termination of the Executive's employment ("Arbitrable Claims") shall be submitted to confidential mediation in San Francisco, California conducted by a mutually agreeable mediator from Judicial Arbitration and Mediation Services ("JAMS") or its successor under the JAMS Rules of Practice and Procedure then in effect, which can be found at [www.jamsadr.com/adr-rules-procedures](http://www.jamsadr.com/adr-rules-procedures). The cost of all JAMS' mediation fees shall be paid by the Company. In the event that mediation is unsuccessful in resolving the Arbitrable Claims, the Arbitrable Claims shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration in San Francisco, California conducted by JAMS or its successor, under the then applicable rules of JAMS.

**The Executive and the Company each acknowledge that by agreeing to this arbitration procedure, both the Executive and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.**

The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall be authorized to award any or all remedies that the Executive or the Company would be entitled to seek in a court of law. With respect to attorney's fees, the arbitrator shall award to the Executive his attorneys' fees based on a determination of the extent to which the Executive has prevailed as to the material issues raised in determination of the dispute (and, for the avoidance of doubt, regardless of the extent to which the Company has prevailed as to the material issues raised in determination of the dispute, the arbitrator is not authorized to award to the Company any portion of its attorney's fees); and, moreover, to the extent the Executive prevails as to substantially all of the material issues raised in determination of the dispute, the arbitrator shall award to the Executive all of his attorneys' fees. The Company shall pay all JAMS' arbitration fees. Nothing in this Agreement is intended

to prevent either the Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such mediation or arbitration.

**12. Advancement of Executive's Legal Fees.** In connection with the resolution of any dispute in accordance with Section 11, the Company shall advance to the Executive all reasonable attorneys' fees of the Executive as they are incurred and reasonably documented by the Executive in respect of any mediation, arbitration or litigation related thereto. The Executive shall not be required to reimburse the Company for any such advances of attorney's fees until a final determination is made with respect to such dispute and, then, the Executive's obligation to repay any such advances shall, (i) in the context of mediation or arbitration, be subject to an affirmative determination of the mediator or arbitrator that the Executive is obligated to repay such advances and (ii) in the context any litigation, be subject to the condition that substantially all of the material issues raised in such litigation have been resolved by a final (non-appealable) judgement in favor of the Company.

**13. Assignment; Successors.** This Agreement is personal in its nature, and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that, in the event of the merger, consolidation, transfer, or sale of all or substantially all of the assets of the Company with or to any other individual or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

**14. Governing Law.** This Agreement and the legal relations thus created between the parties hereto shall be governed by and construed under and in accordance with the laws of the State of California.

**15. Entire Agreement; Headings.** This Agreement embodies the entire agreement of the parties with respect to the subject matter hereof and supersedes in their entirety all other or prior agreements, whether oral or written, with respect thereto, including but not limited to the Prior Agreement, but excluding the plans, programs and equity award agreements under which compensation and benefits are provided pursuant to Sections 3 and 4 hereof (and, to the extent such plans, programs and/or equity award agreements contain more favorable terms, such terms shall continue to apply). Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

**16. Waiver; Modification.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such term, covenant, or condition, nor shall any waiver or relinquishment of, or failure to insist upon strict compliance

with, any right or power hereunder at any one or more times be deemed a waiver or relinquishment of such right or power at any other time or times. This Agreement shall not be modified in any respect except by a writing executed by each party hereto.

**17. Severability.** In the event that a court of competent jurisdiction determines that any portion of this Agreement is in violation of any statute or public policy, only the portions of this Agreement that violate such statute or public policy shall be stricken. All portions of this Agreement that do not violate any statute or public policy shall continue in full force and effect. Further, any court order striking any portion of this Agreement shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties under this Agreement.

**18. Indemnification.** The Company shall indemnify and hold Executive harmless to the maximum extent permitted by Section 2-418 of the Maryland General Corporations Law or its successor statute, or if greater, by the Company's Bylaws, by any applicable resolution of the Board or by the terms providing the most extensive indemnification contained in any written agreement between the Company and any director or officer of the Company. The Company shall make Executive a named beneficiary under all director and officer liability policies maintained by the Company from time to time for the benefit of its directors and officers, entitled to all benefits provided thereunder to persons serving in a comparable role as an officer of the Company. During the Term and for a term of six years thereafter, the Company shall purchase and maintain, at its own expense, directors and officers liability insurance providing coverage for Executive in respect of acts and omissions of the Executive in his capacity as such and occurring during Executive's employment.

**19. Section 409A.** Any payments under this Agreement subject to Section 409A of the Code that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as a termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A of the Code. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits shall be paid to the Executive during the six (6)-month period following the Executive's "separation from service" from the Company (within the meaning of Section 409A of the Code, a "Separation from Service") if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's

death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period. Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A of the Code, any separate payment or benefit under this Agreement or otherwise shall not be deemed “nonqualified deferred compensation” subject to Section 409A of the Code to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Agreement may only be made upon the Executive’s “separation from service” from the Company.

**20. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

**21. Successor Sections.** References herein to sections or rules of the Code shall be deemed to include any successor sections or rules.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the Effective Date.

**REDWOOD TRUST, INC.**

By: /s/ Christopher J. Abate  
Christopher J. Abate  
Chief Executive Officer

**EXECUTIVE**

/s/ Andrew P. Stone  
Andrew P. Stone



**EXHIBIT A  
RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Andrew P. Stone (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and his heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement.

This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans

with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and Restated Employment Agreement with the Company(the “Employment Agreement”), the Company’s bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company’s payment obligations under Section 7 of the Employment Agreement, as well as the Company’s other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive’s vested equity awards and other awards, or (v) claims relating to or arising out of the Executive’s fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under his Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not do so); (C) Executive has twenty-one (21) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; and (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party's release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the

Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.

(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii) made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Andrew P. Stone

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B**  
**RELEASE AGREEMENT**

Except as otherwise set forth in this Release Agreement, Andrew P. Stone (“Executive”) hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date Executive signs this Release Agreement. The Company, its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns, hereby releases Executive and his heirs, executors, successors and assigns, from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date the Company signs this Release Agreement. This general mutual release includes, but is not limited to: (A) all claims arising out of or in any way related to Executive’s employment with the Company or the termination of that employment; (B) all claims related to Executive’s compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (C) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; (E) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (“ADEA”), the federal Employee Retirement Income Security Act of 1974 (as amended), and the California Fair Employment and Housing Act (as amended); and (F) all claims and rights with respect to Executive’s right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator or to the attention of the U.S. Equal Employment Opportunity Commission or similar state or local administrative agency claims of discrimination, harassment, interference with leave rights, and retaliation (provided, however, that the Executive releases the Executive’s right to secure damages or other relief for any such alleged treatment); provided, however, that nothing in this paragraph shall be construed in any way to release (i) the Company from (x) its obligation to indemnify Executive pursuant to, and in accordance with, Section 18 of the Executive’s Seventh Amended and Restated

Employment Agreement with the Company(the “Employment Agreement”), the Company’s bylaws or binding resolutions, or applicable law or pursuant to, and in accordance with, any written indemnification agreement between the Executive and the Company or (y) the Company’s payment obligations under Section 7 of the Employment Agreement, as well as the Company’s other continuing obligations to the Executive under the Employment Agreement, (ii) any right or claim to coverage under any applicable D&O policies, (iii) claims to vested benefits that Executive is entitled to receive under any other plan or agreement covering Executive, (iv) Executive’s vested equity awards and other awards, or (v) claims relating to or arising out of the Executive’s fraud or breach of fiduciary duty.

Executive acknowledges that he is knowingly and voluntarily waiving and releasing any rights he may have under the ADEA, and that the consideration given under his Employment Agreement with the Company for the waiver and release in the preceding paragraph hereof is in addition to anything of value to which he was already entitled. Executive further acknowledges that he has been advised by this writing, as required by the ADEA, that: (A) this waiver and release does not apply to any rights or claims that may arise after the date Executive signs this Release Agreement; (B) Executive should consult with an attorney prior to signing this Release Agreement (although Executive may choose voluntarily not do so); (C) Executive has forty-five (45) days to consider this Release Agreement (although Executive may choose voluntarily to sign this Release Agreement earlier); (D) Executive has seven (7) days following the date that he signs this Release Agreement to revoke the Release Agreement by providing written notice to an officer of the Company; (E) this Release Agreement shall not be effective until the date upon which the revocation period has expired, which shall be the eighth day after Executive signs this Release Agreement; and (F) Executive has received with this Release Agreement a detailed list of the job titles and ages of all employees who were terminated in this group termination and the ages of all employees of the Company in the same job classification or organizational unit who were not terminated.

Both the Executive and the Company acknowledge that each has read and understands Section 1542 of the California Civil Code which reads as follows:

**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Both the Executive and the Company hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to each party's release of any claims hereunder.

Notwithstanding anything herein, the Executive acknowledges and agrees that, pursuant to 18 USC Section 1833(b), the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained herein prevents the Executive from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the Executive has reason to believe is unlawful.

Mutual Nondisparagement.

(a) Nondisparagement by Executive. At all times following the cessation of the Executive's employment with the Company, the Executive agrees not to make negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Company or any entity controlled by, controlling or under common control with the Company ("Affiliates") or any of the officers, directors, managers, employees, services, operations, investments or products of the Company or any of its Affiliates. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's or entity's respective business, business reputation, business operations, or personal reputation.

(b) Nondisparagement by Designated Company Representatives. At all times following the cessation of the Executive's employment with the Company, the Company agrees not to publish, and agrees to cause the Designated Company Representatives not to make, negative comments or statements about, or otherwise criticize or disparage, in any format or through any medium, the Executive. For purposes of the foregoing sentence, disparagement shall include, but not be limited to, negative comments or statements intended or reasonably likely to be harmful or disruptive to a person's business reputation or personal reputation. For purposes of this sub-section (b), the "Designated Company Representatives" are (i) all executive officers of the Company while serving in such capacity and (ii) all members of the Board of Directors while serving in such capacity.



(c) The foregoing sub-sections (a) and (b) shall not be violated by truthful comments or statements (i) made in response to legal process, in required governmental testimony or filings, in judicial, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), in compliance with law, administrative rule, or regulation, or made pursuant to a court or administrative order, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, (ii) made by members of the Board of Directors in the course of meetings or discussions of the Board of Directors (or any committee thereof) or in communications between members of the Board of Directors and the Executive, and not disclosed to the public, (iii) made by a member of the Board of Directors in the good faith belief that the statements are required for the proper discharge of his or her fiduciary duties, or (iv) made by the Board of Directors in connection with a termination of the Executive for Cause.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has hereunto signed this Agreement, as of the date set forth below.

**EXECUTIVE**

Name: \_\_\_\_\_  
Andrew P. Stone

Date: \_\_\_\_\_

**COMPANY**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**  
**Section 2870 of California Labor Code**

Section 2870 of California Labor Code: Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

1. Any provision and employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities or trade secret information except for those inventions that either:

1. Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
2. Result from any work performed by the employee for the employer.

b. To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

## EXHIBIT D

### DEFINITION OF “CHANGE OF CONTROL”

*With respect to (i) equity-based or equity-related awards granted prior to November 6, 2020 and (ii) long-term incentive and/or retention compensation awards that are payable in cash granted prior to November 6, 2020, the following definition of Change of Control shall apply:*

“Change of Control” refers to the occurrence of any of the following:

(1) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires ownership of stock of the Company that, together with other stock held by such person or group constitutes more than 50 percent of the total fair market value or total voting power of all stock of the Company; or

(2) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30 percent or more of the total voting power of the stock of the Company; or

(3) during any 12-month period, a majority of the members of the Company’s board of directors is replaced by directors whose appointment or election is not endorsed by a majority of the members of the Company’s board of directors prior to such appointment or election; or

(4) any one person, or more than one person acting as a group (within the meaning of Section 409A of the Code), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisition; provided, that that no change of control shall be deemed to occur when the assets are transferred to:

(x) a shareholder of the Company in exchange for or with respect to its stock,

(y) a person, or more than one person acting as a group (within the meaning of Section 409A of the Code), that owns, directly or indirectly, 50

percent or more of the total value or voting power of all of the outstanding stock of the Company, or

(z) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person that owns directly or indirectly 50 percent or more of the total value or voting power of all of the outstanding stock of the Company, in each case with such persons status determined immediately after the transfer of assets.”

*With respect to (i) equity-based or equity-related awards granted on or following November 6, 2020 and (ii) long-term incentive and/or retention compensation awards that are payable in cash granted on or following November 6, 2020, the following definition of Change of Control shall apply:*

“Change of Control” refers to the occurrence of any of the following:

a. A transaction or series of transactions (other than an offering of common stock to the general public through a registration statement filed with the Securities and Exchange Commission or a transaction or series of transactions that meets the requirements of clauses (i) and (ii) of subsection (c) below) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 30% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

b. During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new Director(s) (other than a Director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in subsections (a) or (c) of this definition) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

c. The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

i. which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

ii. after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 30% or more of the combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction."

## EXHIBIT E

### COPY OF REDWOOD TRUST, INC.'S POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The Board of Directors (the “*Board*”) of Redwood Trust, Inc. (the “*Company*”) has adopted this Policy for Recovery of Erroneously Awarded Compensation (the “*Policy*”), effective as of October 2, 2023 (the “*Effective Date*”). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

#### 1. Persons Subject to Policy

This Policy shall apply to current and former Designated Officers of the Company.

#### 2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is “received” shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is “received” in the Company’s fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

#### 3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Designated Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person’s right to voluntarily terminate employment for “good reason,” or due to a “constructive termination” (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

#### 4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation, Erroneously Awarded Compensation or time-vesting equity or cash awards, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other

compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

#### **5. Administration**

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the “Committee” shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders or stockholders, and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, or to third-party agents of the Company, as permitted under applicable law, including any Applicable Rules.

#### **6. Interpretation**

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

#### **7. No Indemnification; No Liability**

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person’s potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

#### **8. Application; Enforceability**

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to (but without duplication of), any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based or cash-based plan or award agreement



thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the “*Other Recovery Arrangements*”). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

#### **9. Severability**

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

#### **10. Amendment and Termination**

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

#### **11. Definitions**

“*Applicable Rules*” means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company’s securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company’s securities are listed.

“*Committee*” means the Compensation Committee of the Board, for so long as it is comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee or such independence, a majority of the independent directors (or as determined under the Applicable Rules) serving on the Board.

“*Designated Officer*” means each designated person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

“*Erroneously Awarded Compensation*” means the amount of Incentive-Based Compensation received by a current or former Designated Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Designated Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Financial Reporting Measure*” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements,

and any measures derived wholly or in part from such measures, including GAAP and non-GAAP financial measures, as well as stock or share price and total equityholder or stockholder return.

“**GAAP**” means United States generally accepted accounting principles.

“**Impracticable**” means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempt(s) to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association or (b) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“**Incentive-Based Compensation**” means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as a Designated Officer; (b) who served as a Designated Officer at any time during the performance period for that compensation; (c) while the Company has a class of securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“**Restatement**” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Three-Year Period**” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

**CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Christopher J. Abate, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Redwood Trust, Inc.;
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 officer 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 the financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we 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 officer 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.

Date: August 7, 2024

/s/ Christopher J. Abate

Christopher J. Abate  
Chief Executive Officer

**CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Brooke E. Carillo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Redwood Trust, Inc.;
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 officer 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 the financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we 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 officer 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.

Date: August 7, 2024

/s/ Brooke E. Carillo

Brooke E. Carillo

Chief Financial Officer

**CERTIFICATION**

Pursuant to 18 U.S.C. §1350, the undersigned officer of Redwood Trust, Inc. (the “Registrant”) hereby certifies that the Registrant’s Quarterly Report on Form 10-Q for the three months ended June 30, 2024 (the “Quarterly Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 7, 2024

/s/ Christopher J. Abate

Christopher J. Abate

Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Quarterly Report or as a separate disclosure document.

**CERTIFICATION**

Pursuant to 18 U.S.C. §1350, the undersigned officer of Redwood Trust, Inc. (the “Registrant”) hereby certifies that the Registrant’s Quarterly Report on Form 10-Q for the three months ended June 30, 2024 (the “Quarterly Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 7, 2024

/s/ Brooke E. Carillo

Brooke E. Carillo

Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Quarterly Report or as a separate disclosure document.