

# FORM 4

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

OMB APPROVAL	
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

## STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person * <b>Hughes Martin S</b>			2. Issuer Name and Ticker or Trading Symbol <b>REDWOOD TRUST INC [RWT]</b>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) <b>Chief Executive Officer</b>				
(Last) (First) (Middle) <b>1 BELVEDERE PLACE, SUITE 300</b>			3. Date of Earliest Transaction (Month/Day/Year) <b>05/01/2013</b>							
(Street) <b>MILL VALLEY, CA 94941</b>			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Filing(Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person				
(City) (State) (Zip)			<b>Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned</b>							
1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/01/2013		M <sup>(1)</sup>		110,875	A	\$ 22.82 <sup>(2)</sup>	235,749	D	
Common Stock								5,000	I	by Spouse

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V		Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Deferred Stock Units	\$ 22.82 <sup>(2)</sup>	05/01/2013		M <sup>(1)</sup>		110,875	<sup>(3)</sup>	<sup>(4)</sup>	Common Stock	110,875	\$ 0 <sup>(1)</sup>	104,625	D	
Deferred Stock Units	\$ 22.82 <sup>(2)</sup>	05/01/2013		F <sup>(5)</sup>		104,625	<sup>(3)</sup>	<sup>(4)</sup>	Common Stock	104,625	\$ 0 <sup>(1)</sup>	0 <sup>(6)</sup>	D	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Hughes Martin S 1 BELVEDERE PLACE SUITE 300 MILL VALLEY, CA 94941	X		Chief Executive Officer	

## Signatures

Martin S. Hughes	05/01/2013
<small>Signature of Reporting Person</small>	<small>Date</small>

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) This transaction relates to the distribution and/or conversion of Deferred Stock Units to common stock in the Executive Deferred Compensation Plan.
- (2) Represents fair value of the distribution and/or conversion of Deferred Stock Units, based on the fair market value of RWT common stock on transaction date under the 2002 Incentive Plan.
- (3) Shares were subject to a mandatory holding period and are being delivered to the Participant at the time provided in the Deferral Election Form, according to the terms and conditions of the Executive Deferred Compensation Plan.
- (4) No expiration date is applicable to deferred stock units.
- (5) This disposition transaction represents a Compensation Committee approved withholding of securities incident to the payment of tax liability relating to the distribution and/or conversion of Deferred Stock Units in the Executive Deferred Compensation Plan.
- (6) Following these reported transactions, no other Deferred Stock Units with the same original grant date are beneficially owned.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.