

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

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 13, 2016

REDWOOD TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other
jurisdiction of
incorporation)

001-13759
(Commission File Number)

68-0329422
(I.R.S. Employer
Identification No.)

**One Belvedere Place
Suite 300
Mill Valley, California 94941**
(Address of principal executive offices and Zip Code)

(415) 389-7373
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. Regulation FD Disclosure.

On January 13, 2016, Redwood Trust, Inc. (the “Company”) issued a press release regarding the Federal Housing Finance Agency’s final regulation on captive insurance company membership in the Federal Home Loan Banking System.

Cautionary Statement: Redwood Trust’s press release may 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. Actual results may differ from Redwood Trust’s 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, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described herein and in Redwood Trust’s most recent Annual Report on Form 10-K 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 Redwood Trust files with the Securities and Exchange Commission, including reports on Forms 10-Q and 8-K. Redwood Trust undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Important factors, among others, that may affect our actual results include: general economic trends, the performance of the housing, commercial real estate, mortgage, credit, and broader financial markets, and their effects on the prices of earning assets and the credit status of borrowers; federal and state legislative and regulatory developments, and the actions of governmental authorities, including those affecting the mortgage industry or our business (including, but not limited to, the Federal Housing Finance Agency’s final regulation relating to FHLB membership requirements and the potential implications for our captive insurance subsidiary’s membership in the FHLB); developments related to the fixed income and mortgage finance markets and the Federal Reserve’s statements regarding its future open market activity and monetary policy; 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; our exposure to adjustable-rate mortgage loans; the efficacy and expense of our efforts to manage or hedge credit risk, 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; changes in mortgage prepayment rates; the availability of assets for purchase at attractive prices and our ability to reinvest cash we hold; changes in the values of assets we own; 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; our involvement in securitization transactions, the profitability of those transactions, and the risks we are exposed to in engaging in securitization transactions; exposure to claims and litigation, including litigation arising from our involvement in securitization transactions; whether we have sufficient liquid assets to meet short-term needs; our ability to successfully compete and retain or attract key personnel; our ability to adapt our business model and strategies to changing circumstances; changes in our investment, financing, and hedging strategies and new risks we may be exposed to if we expand our business activities; our exposure to a disruption or breach of the security of our technology infrastructure and systems; exposure to environmental liabilities; our failure to comply with applicable laws and regulations; our failure to maintain appropriate internal controls over financial reporting and disclosure controls and procedures; the impact on our reputation that could result from our actions or omissions or from those of others; changes in accounting principles and tax rules; 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; decisions about raising, managing, and distributing capital; and other factors not presently identified.

The information contained in this Item 7.01 and the attached Exhibit 99.1 is furnished to and not filed with the Securities and Exchange Commission, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit 99.1 Press Release dated January 13, 2016

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.

Date: January 13, 2016

REDWOOD TRUST, INC.

By: /S/ ANDREW P. STONE
Andrew P. Stone
Executive Vice President, General Counsel, and Secretary

Exhibit Index

Exhibit No.

Exhibit Title

99.1

Press Release dated January 13, 2016

FOR IMMEDIATE RELEASE

Redwood Trust, Inc.
Wednesday, January 13, 2016

CONTACTS:

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(415) 384-3584

Kristin Brown
Investor Relations
(415) 384-3805

**REDWOOD TRUST ADDRESSES IMPACT OF FHFA'S FINAL REGULATION ON
CAPTIVE INSURANCE COMPANY MEMBERSHIP IN FEDERAL HOME LOAN BANK SYSTEM**

MILL VALLEY, CA – Wednesday, January 13, 2016 – Redwood Trust, Inc. (NYSE: RWT) today addressed the impact of the release by the Federal Housing Finance Agency (FHFA) of its final regulation relating to captive insurance company membership in the Federal Home Loan Bank System. Redwood Trust's wholly-owned captive insurance company subsidiary, RWT Financial, LLC, is currently a member of the Federal Home Loan Bank of Chicago (FHLB Chicago) and, as a member, is able to maintain borrowings (also referred to as advances) from the FHLB Chicago that are collateralized by residential mortgage loans and other eligible assets held by RWT Financial in its investment portfolio.

Because RWT Financial was admitted as a member of the FHLB Chicago prior to September 2014, it is eligible under the FHFA's final regulation to remain as a member of the FHLB Chicago for a five-year transition period following the effectiveness of the FHFA's final regulation. In addition, under the FHFA's final regulation, the FHLB Chicago is permitted to allow advances that were outstanding to RWT Financial prior to effectiveness of the FHFA's final regulation to remain outstanding until scheduled maturity, even if that scheduled maturity extends beyond the five-year transition period. The final regulation will become effective 30 days after official publication in the Federal Register.

Redwood Trust also announced the following information about RWT Financial's current outstanding advances from the FHLB Chicago:

- RWT Financial currently has borrowing capacity from the FHLB Chicago of \$2.0 billion. As of January 12, 2016, RWT Financial had outstanding advances from the FHLB Chicago of \$2.0 billion.
 - o These outstanding advances have a weighted average remaining maturity of approximately 9.5 years.
 - o These outstanding advances are not expected to be impacted by the provisions of the final regulation that limit new advances or the renewal of advances after the effective date of the final regulation to 40% of a captive insurance company's total assets.
 - o These outstanding advances are not required to be repaid or renewed as residential mortgage loans collateralizing these advances pay down – instead, these advances can remain outstanding by substituting additional mortgage loans or other eligible assets as collateral.
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Redwood Trust also announced that the FHFA's final regulation is not expected to impact its ordinary course business and operations. Redwood Trust noted that other sources of financing are currently used to finance residential mortgage loans acquired for subsequent sale or securitization and that over the longer-term it would plan for the eventual maturity of RWT Financial's outstanding advances from the FHLB Chicago and explore additional sources of financing for held-for-investment residential loans.

Redwood Trust currently believes the near-term impact of the FHFA's final regulation may be that RWT Financial may not be able to obtain additional advances or increases to its borrowing capacity from the FHLB Chicago, which may limit RWT Financial's ability to increase the size of its portfolio of residential mortgage loans and thereby may impact the ability to increase net interest income generated by RWT Financial's portfolio of held-for-investment loans. The FHFA's final regulation does not impact Redwood Trust's ability to obtain and increase financing for held-for-investment loans through other subsidiaries and from other sources.

Redwood Trust also noted that the FHFA's final regulation is not expected to impact its ongoing purchase of residential mortgage loans through the Mortgage Partnership Finance® Program's MPF® Direct product. The FHLB Chicago operates the MPF Program on behalf of nine Federal Home Loan Banks.

Redwood Trust noted that the FHFA's final regulation was only recently released (on January 12, 2016) and that its analysis of the final regulation and its potential impact on Redwood Trust and RWT Financial is preliminary and subject to revision in the future based on further analysis and any further regulatory pronouncements, interpretations, or guidance that might be formally or informally published or promulgated by the FHFA or the FHLB System.

For more information about Redwood Trust, Inc., please visit our website at: www.redwoodtrust.com.

Cautionary Statement: This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including forward-looking statements related to the impact of the FHFA's final regulation regarding captive insurance company membership in the FHLB System on the business and operations of Redwood Trust and its subsidiary, RWT Financial, LLC. Forward-looking statements involve numerous risks and uncertainties. Actual results may differ from Redwood Trust's 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, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described herein and in Redwood Trust's most recent Annual Report on Form 10-K 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 Redwood Trust files with the Securities and Exchange Commission, including reports on Forms 10-Q and 8-K. Redwood Trust undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.
