

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

SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. ___)

REDWOOD TRUST, INC. (RWT)
(Name of Issuer)

Common Stock
(Title of Class of Securities)

758075402
(CUSIP Number)

David Nierenberg
The D3 Family Funds
19605 NE 8th Street
Camas, WA 98607
(360) 604-8600

With a copy to:

Henry Lesser, Esq.
DLA Piper US LLP
2000 University Avenue
East Palo Alto, CA 94303
(650) 833-2000

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

November 29, 2007
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D and is filing this schedule because of ss.ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

1

CUSIP No. 758075402

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

The D3 Family Fund, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2 (d) or 2 (e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

317,779 Common shares (1.0%)

NUMBER OF
SHARES 8 SHARED VOTING POWER
BENEFICIALLY
OWNED BY 0
EACH
REPORTING 9 SOLE DISPOSITIVE POWER
PERSON

WITH 317,779

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 317,779; for all reporting persons as a group, 1,733,209 shares (5.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) |_

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.4%

14 TYPE OF REPORTING PERSON (See Instructions)

PN

2

CUSIP No. 758075402

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

The DIII Offshore Fund, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) |X|
(b) |_

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) |_

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Bahamas

7 SOLE VOTING POWER

181,385 common shares (0.6%)

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

181,385

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 181,385; for all reporting persons as a group, 1,733,209 shares (5.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) |_

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.4%

14 TYPE OF REPORTING PERSON (See Instructions)

PN

3

CUSIP No. 758075402

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

The D3 Family Bulldog Fund, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2 (d) or 2 (e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

1,171,705 common shares (3.6%)

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

1,171,705

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 1,171,705; for all reporting
persons as a group, 1,733,209 shares (5.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See
Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.4%

14 TYPE OF REPORTING PERSON (See Instructions)

PN

4

CUSIP No. 758075402

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

The D3 Family Canadian Fund, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

62,340 common shares (0.2%)

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

62,340

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 62,340 shares; for all
reporting persons as a group, 1,733,209 shares (5.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See
Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.4%

14 TYPE OF REPORTING PERSON (See Instructions)

PN

5

CUSIP No. 758075402

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

Nierenberg Investment Management Company, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER
0
NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH
8 SHARED VOTING POWER
1,733,209 shares (5.4%)

9 SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER
1,733,209 shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
For the reporting person listed on this page, 1,733,209; for all reporting persons as a group, 1,733,209 shares (5.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
5.4%

14 TYPE OF REPORTING PERSON (See Instructions)
CO

6

CUSIP No. 758075402

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)
Nierenberg Investment Management Offshore, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Bahamas

7 SOLE VOTING POWER
0
NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH
8 SHARED VOTING POWER
181,385 common shares (0.6%)

9 SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER
181,385 common shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
For the reporting person listed on this page, 181,385; for all reporting persons as a group, 1,733,209 shares (5.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) |_

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
5.4%

14 TYPE OF REPORTING PERSON (See Instructions)
PN

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Item 1. Security and Issuer.

This Schedule 13D (the "Schedule 13D") is being filed with respect to the shares of common stock (the "Shares") of Redwood Trust, Inc. a Maryland corporation (the "Company" or "RWT").

Item 2. Identity and Background.

This Schedule 13D is being filed by the following four limited partnerships (the "D3 Family Funds") and the following two corporations which are the sole general partners of the D3 Family Fund(s) indicated below (collectively, the "Reporting Persons").

(a) The Reporting Persons are: The D3 Family Fund, L.P., a Washington limited partnership; The DIII Offshore Fund, L.P., a Bahamas limited partnership; The D3 Family Bulldog Fund, L.P. a Washington limited partnership; The D3 Family Canadian Fund, L.P., a Washington limited partnership; Nierenberg Investment Management Company, Inc., a Washington corporation ("NIMCO") which is the sole general partner of those D3 Family Funds organized under the law of the State of Washington; and Nierenberg Investment Management Offshore, Inc., which is a wholly-owned subsidiary of NIMCO and is the sole general partner of the D3 Family Fund organized under the law of The Bahamas.

(b) The business address of each of the Reporting Persons is 19605 N.E. 8th Street, Camas, Washington 98607.

(c) The D3 Family Funds are private investment partnerships, the principal business of which is investing in the equities of public micro-cap issuers. The principal business of the corporate Reporting Persons is to serve as the general partner of the applicable D3 Family Fund(s).

(d, e) During the past five years, no Reporting Person has been convicted in a criminal proceeding, or been a party to a civil proceeding, required to be disclosed pursuant to Items 2(d) or (e) of Schedule 13D.

Item 3. Source and Amount of Funds or Other Consideration.

The total amount of funds used by the Reporting Persons to pay for the purchases of Shares reported in Item 5(c) was \$26,697,370 and the total amount of funds used by the Reporting Persons to make all purchases of Shares beneficially owned by the Reporting Persons, as reported in Item 5(a,b), was \$55,180,522. The sources of such funds were the working capital of the respective D3 Family Fund that purchased the applicable Shares.

Item 4. Purpose of Transaction.

On November 29, 2007, through separate purchases by three of the D3 Family Funds directly from the Company pursuant to its Direct Stock Purchase and Dividend Reinvestment Plan (the "RWT Plan"), the Reporting Persons became the beneficial owners of certain Shares as reported in Item 5(c). Based on the number of shares reported by the Company to be outstanding

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as of December 4, 2007 in the Company's Current Report on Form 8-K dated December 5, 2007, the aggregate number of Shares beneficially owned by the Reporting Persons as a result of those purchases represents in excess of 5% of the outstanding Shares.

The Reporting Persons hold their Shares for investment. The Reporting Persons have no commitment to make further purchases under the RWT Plan, except for Shares acquired through the dividend reinvestment component of the RWT Plan,

but they reserve the right to increase or decrease their investment in the Company depending on market conditions, circumstances affecting the Company and/or extrinsic factors such as developments in the Company's industry and the economic environment, and to discuss the Company and their investment in the Shares with the directors and executive officers of the Company and third parties, without amending the Schedule 13D except as required by applicable rules.

Item 5. Interest in Securities of the Issuer.

(a, b) The Reporting Persons, in the aggregate, beneficially own 1,733,209 Shares, constituting approximately 5.4% of the outstanding Shares.

(c) During the past sixty (60) days, the following purchases of Shares were made by the Reporting Persons, of which purchases those made on November 29, 2007 were made directly from the Company pursuant to the RWT Plan and the balance were made in open market transactions. In addition the Reporting Persons acquired 18,814 Shares through dividend reinvestment under the RWT Plan on October 22, 2007 at the price determined by the Company under the RWT Plan.

<TABLE>
<CAPTION>

Fund	Trade Date	Shares Bought	Price
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<S>	<C>	<C>	<C>
D3 Family Fund LP	11/29/2007	141,699	28.88
D3 Family Bulldog Fund LP	11/29/2007	522,876	28.88
D3 Family Canadian Fund LP	11/29/2007	27,838	28.88
D3 Family Fund LP	11/02/2007	3,600	24.34
D3 Family Bulldog Fund LP	11/02/2007	14,800	24.34
D3 Family Canadian Fund LP	11/02/2007	1,600	24.34
D3 Family Bulldog Fund LP	10/22/2007	1,000	26.94
D3 Family Canadian Fund LP	10/22/2007	500	26.94
D3 Family Fund LP	10/19/2007	28,000	27.85
D3 Family Bulldog Fund LP	10/19/2007	103,000	27.85
D3 Family Canadian Fund LP	10/19/2007	4,900	27.85
D3 Family Fund LP	10/17/2007	12,370	27.89
D3 Family Bulldog Fund LP	10/17/2007	58,160	27.89
D3 Family Canadian Fund LP	10/17/2007	14,870	27.89

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Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

References made to Exhibit 1 to the Schedule 13D, which is incorporated by reference in response to this Item (see Item 7).

Item 7. Material to be filed as Exhibits

Exhibit 1 to the Schedule 13D is the form of "Request for Waiver" prescribed by the Company for those participants in the RWT Plan requesting authorization from the Company to make optional cash payment under the RWT Plan in excess of the \$10,000 monthly maximum. A Request for Waiver in this form was submitted by the respective D3 Family Fund, and approved by the Company, with respect to the purchase of Shares by that D3 Family Fund pursuant to the RWT Plan, as reported in Item 5(c).

Exhibit 2 to this Schedule 13D is the Joint Filing Agreement among the Reporting Persons dated August 3, 2007 pursuant to which all of the Reporting Persons have authorized the filing of Schedule 13D's and amendments thereto as a group.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned certifies that the information set forth in the Statement is true, complete and correct.

D3 Family Fund, L.P., D3 Family Bulldog Fund, L.P., and D3 Family Canadian Fund, L.P.

By: Nierenberg Investment Management Company, Inc.

Its: General Partner

December 07, 2007

By: /s/ David Nierenberg

David Nierenberg, President

DIII Offshore Fund, L.P.

By: Nierenberg Investment Management
Offshore, Inc.

Its: General Partner

December 07, 2007

- -----

By: /s/ David Nierenberg

David Nierenberg, President

Nierenberg Investment Management
Company, Inc.

December 07, 2007

- -----

By: /s/ David Nierenberg

David Nierenberg, President

Nierenberg Investment Management
Offshore, Inc.

December 07, 2007

- -----

By: /s/ David Nierenberg

David Nierenberg, President

REQUEST FOR WAIVER

Redwood Trust, Inc. Direct Stock Purchase and Dividend Reinvestment Plan

This form is to be used by Participants in the Redwood Trust, Inc. ("Redwood") Direct Stock Purchase and Dividend Reinvestment Plan ("Plan") who are requesting authorization from Redwood to make an optional cash payment under the Plan in excess of the \$10,000 monthly maximum.

A new form must be completed each month the Participant wishes to make an optional cash payment in excess of the \$10,000 monthly maximum. This form will not be accepted by Redwood Trust unless it is completed in its entirety.

The Participant submitting this form hereby certifies that (a) the information contained herein is true and correct as of the date of this form; (b) the Participant has received a current copy of the Prospectus relating to the Plan (the "Prospectus") and (c) the Participant must submit a copy of this Request for Waiver (approved by Redwood) to Computershare Investor Services at the same time an Initial Enrollment Form and the optional cash payment are submitted by the Participant.

For information regarding the discount (if any) and threshold price (if any) that may be applicable to optional cash payments made pursuant to an approved Request for Waiver, please visit our website at www.redwoodtrust.com or call (415) 380-2304. This form should then be completed and returned (via facsimile) to Redwood Trust, Inc. Attention: Investor Relations, Fax number (415) 381-1773, by 10:00 a.m. Pacific Time no later than two (2) business days prior to the Optional Cash Payment Due Date for the applicable Investment Date. If approved by the Company, the approved copy of this form must be returned with full payment on the optional Cash Payment Due Date. See Question 17 to the Prospectus for further information.

Date	Social Security or Tax I.D. Number
Participant's Signature	Street Address
Participant's Signature	City State Zip
Print Name as it Appears on Share Certificate (or Name of Beneficial Stockholder)	Phone Number
Print Name as it Appears on Share Certificate (or Account Number and Location of Shares Held by Beneficial Stockholder)	Fax Number
Optional Cash Payment Amount Requested	Requested Investment Date
Maximum Price (if any)	Requested Pricing Period

Method of Payment: Check
 Money Order Other*
 (Specify) _____

* Payment by other than Check or Money Order requires approval of Redwood Trust, Inc.

As of the date of this Request for Waiver, are you an owner of Redwood Trust, Inc. stock? Yes No

If yes, please provide Redwood Trust, Inc. with the following information (optional):

Common Shares Owned _____

Preferred Shares Owned _____

APPROVED BY REDWOOD TRUST, INC.

Optional Cash Payment Amount Approved _____
Approved Investment Date _____ By: _____

Method of Payment Approved _____
Trading Period _____ Name: _____

Threshold Price, if any _____
Pricing Period Commencement Date _____ Title: _____

Applicable Waiver Discount _____
Payment Due Date _____ Date: _____

This Request for Waiver may be withdrawn by the Participant in accordance with the terms of the Plan.

JOINT FILING AGREEMENT (RESTATED)

WHEREAS, the undersigned (collectively, the "Reporting Persons") from time to time make filings with the Securities and Exchange Commission pursuant to Regulation 13D-G under the Securities Exchange Act of 1934, as amended; and

WHEREAS, the Reporting Persons prefer to make joint filings on behalf of all Reporting Persons rather than individual filings on behalf of each of the Reporting Persons;

NOW, THEREFORE, the undersigned hereby agree as follows with each of the other Reporting Persons:

- 1. Each of the Reporting Persons is individually eligible to make joint filings.
- 2. Each of the Reporting Persons is responsible for timely making joint filings and any amendments thereto.
- 3. Each of the Reporting Persons is responsible for the completeness and accuracy of the information concerning such person contained in joint filings.
- 4. None of the Reporting Persons is responsible for the completeness or accuracy of the information concerning the other Reporting Persons contained in joint filings, unless such person knows or has reason to believe that such information is inaccurate.
- 5. This Joint Filing Agreement amends, restates and supersedes the Joint Filing Agreement dated July 24, 2006 by and among the undersigned, D3 Children's Fund, L.P. and D3 Family Retirement Fund, L.P. but only as to those filings to be made by all Reporting Persons.

5. The undersigned agree that each joint filing made on or after the date hereof will be, and any amendment thereto will be, made on behalf of each of the Reporting Persons.

D3 Family Fund, L.P., D3 Family Bulldog Fund, L.P. and D3 Family Canadian Fund, L.P.

By: Nierenberg Investment Management Company, Inc.

Its: General Partner

August 3, 2007

By: _____
David Nierenberg, President

DIII Offshore Fund, L.P.

By: Nierenberg Investment Management Offshore, Inc.

Its: General Partner

August 3, 2007

By: _____
David Nierenberg, President

Nierenberg Investment Management Company, Inc.

August 3, 2007

By: _____
David Nierenberg, President

Nierenberg Investment Management Offshore, Inc.

August 3, 2007

By: _____
David Nierenberg, President