FORM 4

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

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

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* BAUM RICHARD	2. Issuer Name **and** Ticker or Trading Symbol REDWOOD TRUST INC [RWT]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)
(Last) (First) (Middle) 1 BELVEDERE PLACE, SUITE 300	3. Date of Earliest Transaction (Month/Day/Year) 11/19/2009	_X_ Director ____ 10% Owner ____ Officer (give title below) ____ Other (specify below)
(Street) MILL VALLEY, CA 94941	4. If Amendment, Date Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) _X_ Form filed by One Reporting Person ___ Form filed by More than One Reporting Person
(City) (State) (Zip)		

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

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	11/19/2009		M		350	A	$12.50	9,323	D	
Common Stock								758	I	by IRA

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	(A)	(D)		Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Non-Qualified Stock Option (right to buy)	$ 12.50	11/19/2009		M			350		(1)	01/03/2010	Common Stock	350	$ 0	4,650	D	
Non-Qualified Stock Option (right to buy)	$ 12.50	11/19/2009		F(2)			202		(1)	01/03/2010	Common Stock	202	$ 0	4,448	D	
Non-Qualified Stock Option (right to buy)	$ 12.50	11/19/2009		F(3)			4,448		(1)	01/03/2010	Common Stock	4,448	$ 0	0	D	

Reporting Owners

Reporting Owner Name /	**Relationships**

Address	Director	10% Owner	Officer	Other
BAUM RICHARD 1 BELVEDERE PLACE SUITE 300 MILL VALLEY, CA 94941	X			

Signatures

Attorney-in-Fact: Andrew P. Stone		11/20/2009
**Signature of Reporting Person		Date

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) The option becomes exercisable in four equal installments on the 4th day of May in 2001, 2002, 2003, and 2004.

(2) This transaction represents the withholding of securities incident to the payment of tax liability relating to the option exercise.

(3) This transaction represents the payment of option exercise price by withholding securities incident to the exercise.

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

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