

# FORM 4

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

| OMB APPROVAL                                   |           |
|--|-----------|
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## 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

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

(Print or Type Responses)

|   |         |   |   |  |   |
|---|---------|---|---|--|---|
| 1. Name and Address of Reporting Person*<br><b>Byerwalter Mariann H</b> |         | 2. Issuer Name and Ticker or Trading Symbol<br><b>REDWOOD TRUST INC [RWT]</b> |   | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br><input checked="" type="checkbox"/> Director<br><input type="checkbox"/> Officer (give title below) <input type="checkbox"/> 10% Owner<br><input type="checkbox"/> Other (specify below) |   |
| (Last)  | (First) | (Middle)  | 3. Date of Earliest Transaction (Month/Day/Year)<br><b>05/01/2010</b> |  |   |
| 1 BELVEDERE PLACE, SUITE 300  |         |   | 4. If Amendment, Date Original Filed(Month/Day/Year)                  |  | 6. Individual or Joint/Group Filing(Check Applicable Line)<br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><input type="checkbox"/> Form filed by More than One Reporting Person |
| (Street)  |         |   |   |  |   |
| MILL VALLEY, CA 94941   |         |   |   |  |   |
| (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                    | 05/01/2010                           |  | M                              |   | 903   | A          | \$ 0<br>(1) | 3,366   | D  |   |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number. SEC 1474 (9-02)

### 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 |  |  |  |  |
| Stock Units in Deferred Compensation Plan  | \$ 16.68<br>(2)  | 05/01/2010                           |  | F                              | (3) | 444.71  | (4)  | (5)             | Common Stock  | 444.71                     | \$ 0<br>(1)                                | 903<br>(6)   | D  |  |
| Stock Units in Deferred Compensation Plan  | \$ 16.68<br>(2)  | 05/01/2010                           |  | M                              | (1) | 903   | (4)  | (5)             | Common Stock  | 903                        | \$ 0<br>(1)                                | 0<br>(6)   | D  |  |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| Byerwalter Mariann H<br>1 BELVEDERE PLACE<br>SUITE 300<br>MILL VALLEY, CA 94941 | X             |           |         |       |

## Signatures

|                                   |            |
|-----------------------------------|------------|
| Attorney-in-Fact: Andrew P. Stone | 05/01/2010 |
| **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) This acquisition or disposition transaction relates to the distribution and/or conversion of Deferred Stock Units in the Executive Deferred Compensation Plan.
- (2) Represents fair market value of RWT common stock on transaction date for purposes of the Executive Deferred Compensation Plan.
- (3) 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.
- (4) Shares are subject to a mandatory holding period and will be 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.
- (5) No expiration date is applicable to deferred stock units.
- (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.