

# FORM 4

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

| OMB APPROVAL                                   |           |
|--|-----------|
| OMB Number:                                    | 3235-0287 |
| Estimated average burden hours per response... | 0.5       |

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*<br>Hughes Martin S |   |   | 2. Issuer Name and Ticker or Trading Symbol<br>REDWOOD TRUST INC [RWT]                  |   |  | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br>____ Director<br>____ 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) _____ Other (specify below)<br>Vice President |  |  |   |  |
| (Last) (First) (Middle)<br>1 BELVEDERE PLACE, SUITE 300     |   |   | 3. Date of Earliest Transaction (Month/Day/Year)<br>12/08/2005                          |   |  |   |  |  |   |  |
| (Street)<br>MILL VALLEY, CA 94941                           |   |   | 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>____ 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<br>(Instr. 3)                          | 2. Transaction Date<br>(Month/Day/Year) | 2A. Deemed Execution Date, if any<br>(Month/Day/Year) | 3. Transaction Code<br>(Instr. 8)   |   | 4. Securities Acquired (A) or Disposed of (D)<br>(Instr. 3, 4 and 5) |   | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s)<br>(Instr. 3 and 4) |  | 6. Ownership Form: Direct (D) or Indirect (I)<br>(Instr. 4) | 7. Nature of Indirect Beneficial Ownership<br>(Instr. 4) |
|   |   |   | Code  | V | Amount   | (A) or (D)  | Price  |  |   |  |

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<br>(Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed Execution Date, if any<br>(Month/Day/Year) | 4. Transaction Code<br>(Instr. 8) |   | 5. Number of Derivative Securities Acquired (A) or Disposed of (D)<br>(Instr. 3, 4, and 5) |     | 6. Date Exercisable and Expiration Date<br>(Month/Day/Year) |                 | 7. Title and Amount of Underlying Securities<br>(Instr. 3 and 4) |                            | 8. Price of Derivative Security<br>(Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s)<br>(Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I)<br>(Instr. 4) | 11. Nature of Indirect Beneficial Ownership<br>(Instr. 4) |
|---|--|---|---|-----------------------------------|---|--|-----|---|-----------------|--|----------------------------|---|---|---|---|
|   |  |   |   | Code                              | V | (A)  | (D) | Date Exercisable  | Expiration Date | Title  | Amount or Number of Shares |   |   |   |   |
| Stock Units in Deferred Compensation Plan     | \$ 43.03   | 12/08/2005                              |   | A                                 |   | 4,648  |     | (1)   | (2)             | Common Stock   | 4,648                      | \$ 0  | 4,648   | D   |   |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                |       |
|--|---------------|-----------|----------------|-------|
|  | Director      | 10% Owner | Officer        | Other |
| Hughes Martin S<br>1 BELVEDERE PLACE<br>SUITE 300<br>MILL VALLEY, CA 94941 |               |           | Vice President |       |

## Signatures

|                                 |            |
|---------------------------------|------------|
| Martin S. Hughes                | 12/12/2005 |
| **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) 25% of the Deferred Stock Units vest on 1/1/2007. The remaining units vest quarterly in equal installments, at a rate of 6.25%, on the first day of each quarter beginning on 4/1/07 through 1/1/2010.

(2) No expiration.

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.