

**FORM 4**

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

OMB APPROVAL	
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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 Matera Fred		2. Issuer Name and Ticker or Trading Symbol REDWOOD TRUST INC [RWT]		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input checked="" type="checkbox"/> Officer (give title below) Chief Investment Officer	
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 12/21/2015		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
ONE BELVEDERE PLACE, SUITE 300		(Street)		MILL VALLEY, CA 94941	
(City)	(State)	(Zip)	4. If Amendment, Date Original Filed (Month/Day/Year)		

**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	12/21/2015		M	(1)	3,229	A	\$ 13.14 (2)	72,244	D	
Common Stock	12/21/2015		S	(2)	257	D	\$ 13.44 (4)	71,987	D	

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: 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				
Performance Stock Units	\$ 12.37 (5)	12/21/2015		M	(1)	3,229	(6)	(7)	Common Stock	3,229	\$ 0 (1)	3,204.89	D		
Performance Stock Units	\$ 12.37 (5)	12/21/2015		F	(8)	3,204.89	(6)	(7)	Common Stock	3,204.89	\$ 0 (1)	0 (9)	D		

**Reporting Owners**

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Matera Fred ONE BELVEDERE PLACE, SUITE 300 MILL VALLEY, CA 94941			Chief Investment Officer	

**Signatures**

/s/ Attorney-In-Fact: Andrew P. Stone For: Fred Matera	12/22/2015
<small>Signature of Reporting Person</small>	<small>Date</small>

**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 transaction relates to the distribution and/or conversion of Performance Stock Units to common stock under the Executive Deferred Compensation Plan.
- (2) Represents the value (per stock unit or share of common stock) of the distribution and/or conversion of Performance Stock Units to common stock under the Executive Deferred Compensation Plan, based on the fair market value of Redwood Trust, Inc. common stock on the transaction date.
- (3) Transaction made pursuant to a 10b5-1 trading plan adopted by the Reporting Person in May 2015. A portion of the proceeds of this transaction are being remitted by the Reporting Person to Federal and/or State income tax agencies as additional income tax withholdings and/or estimated tax payments.
- (4) This transaction was executed in multiple trades with prices ranging from \$13.25 to \$13.57, inclusive. The price reported in Column 4 above reflects the weighted average sale price. The Reporting Person hereby undertakes to provide to the Securities and Exchange Commission the information required by Item 10 of Form 4.
- (5) Represents fair value per stock unit of Performance Stock Units, based on the original grant date fair value determined at such time in accordance with FASB Accounting Standards Codification Topic 718.
- (6) Performance Stock Units were subject to a mandatory holding period and conversion and/or distribution to the Reporting Person is at the time provided in the applicable deferral election form, in accordance with the terms and conditions of the Executive Deferred Compensation Plan.
- (7) No expiration date is applicable to Performance Stock Units.
- (8) This disposition transaction represents a Compensation Committee approved withholding of securities incident to the payment of income tax liability relating to the distribution and/or conversion of Performance Stock Units under the Executive Deferred Compensation Plan.
- (9) Following these reported transactions, no other Performance Stock Units with the same original grant date are beneficially owned.

**Remarks:**

This Form 4 is being filed in connection with the distribution and/or conversion of Performance Stock Units to common stock under the Redwood Trust, Inc. Executive Deferred Compensation Plan. The Performance Stock Units referred to herein are subject to a mandatory holding period. The distribution and/or conversion of the stock units referred to herein gives rise to Federal and State income tax liability of the Reporting Person based on the number of stock units distributed and/or converted and the applicable tax rates.

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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