

# 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 * <b>NICHOLAS BRETT D</b>			2. Issuer Name and Ticker or Trading Symbol <b>REDWOOD TRUST INC [RWT]</b>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) <b>Co-Chief Operating Officer</b>			
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <b>11/24/2009</b>			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			
1 BELVEDERE PLACE, SUITE 300			4. If Amendment, Date Original Filed (Month/Day/Year)						
(Street)									
MILL VALLEY, CA 94941									
(City) (State) (Zip)			<b>Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned</b>						
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	11/24/2009		M		1,098	A \$ 11.4375	38,157.56	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	(A)	(D)	Date Exercisable	Expiration Date						Title
Non-Qualified Stock Option (right to buy)	\$ 11.4375	11/24/2009		M		1,098		(1)	12/02/2009	Common Stock	1,098	\$ 0	8,902	D	
Non-Qualified Stock Option (right to buy)	\$ 11.4375	11/24/2009		F(2)		960		(1)	12/02/2009	Common Stock	960	\$ 0	7,942	D	
Non-Qualified Stock Option (right to buy)	\$ 11.4375	11/24/2009		F(3)		7,942		(1)	12/02/2009	Common Stock	7,942	\$ 0	0	D	

### Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other

NICHOLAS BRETT D 1 BELVEDERE PLACE SUITE 300 MILL VALLEY, CA 94941			Co-Chief Operating Officer	
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## Signatures

Brett D. Nicholas		11/24/2009
<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) 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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