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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. 3) \*

Redwood Trust, Inc.

-----  
(Name of Issuer)

Common Stock

-----  
(Title of Class of Securities)

758075402

-----  
(CUSIP Number)

Stuart B. Panish c/o Zweig-DiMenna Associates LLC, 900 Third Avenue  
New York, New York 10022 (212) 451-1100

-----  
(Name, Address and Telephone Number of Person Authorized to Receive Notices and  
Communications)

September 15, 1997

-----  
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b) (3) or (4), check the following box .

Check the following box if a fee is being paid with this statement . (A fee is not required only if the filing person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7).

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

CUSIP No. 758075402

1 NAME OF REPORTING PERSON  
S.S. or I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Zweig-DiMenna Special Opportunities, L.P.  
Zweig-DiMenna Partners, L.P.

Zweig-DiMenna International Limited  
Zweig-DiMenna International Managers, Inc., on behalf of a  
discretionary account  
Gotham Advisors, Inc., on behalf of a discretionary account

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS\* WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Zweig-DiMenna Special Opportunities, L.P. - Delaware  
Zweig-DiMenna Partners, L.P. - New York  
Zweig-DiMenna International Limited - British Virgin Islands  
Zweig-DiMenna International Managers, Inc. - Delaware  
Gotham Advisors, Inc. - Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7 SOLE VOTING POWER

Zweig-DiMenna Special Opportunities, L.P.-13,800  
Zweig-DiMenna International Limited-487,500  
Zweig-DiMenna International Managers, Inc., on behalf of a discretionary  
account-107,600  
Zweig-DiMenna Partners, L.P.-21,900  
Gotham Advisors, Inc., on behalf of a discretionary account-60,700

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

Zweig-DiMenna Special Opportunities, L.P.-13,800  
Zweig-DiMenna International Limited-487,500  
Zweig-DiMenna International Managers, Inc., on behalf of a discretionary  
account-107,600  
Zweig-DiMenna Partners, L.P.-21,900  
Gotham Advisors, Inc., on behalf of a discretionary account-60,700

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

Zweig-DiMenna Special Opportunities, L.P.-13,800  
Zweig-DiMenna International Limited-487,500  
Zweig-DiMenna International Managers, Inc., on behalf of a discretionary  
account-107,600  
Zweig-DiMenna Partners, L.P.-21,900  
Gotham Advisors, Inc., on behalf of a discretionary account-60,700

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11

Total-4.7%

Zweig-DiMenna Special Opportunities, L.P.-0.1%  
Zweig-DiMenna International Limited-3.3%  
Zweig-DiMenna International Managers, Inc., on behalf of a discretionary  
account-0.7%  
Zweig-DiMenna Partners, L.P.-0.2%  
Gotham Advisors, Inc., on behalf of a discretionary account-0.4%

14 TYPE OF REPORTING PERSON\*

Zweig-DiMenna Special Opportunities, L.P. - PN  
Zweig-DiMenna Partners, L.P. - PN  
Zweig-DiMenna International Limited - CO  
Zweig-DiMenna International Managers, Inc. - CO  
Gotham Advisors, Inc. - CO

SCHEDULE 13D - AMENDMENT NO. 3

Zweig-DiMenna Special Opportunities, L.P., Zweig-DiMenna International Limited, Zweig-DiMenna Partners, L.P., Zweig-DiMenna International Managers, Inc. and Gotham Advisors, Inc. hereby amend the Schedule 13D, filed with respect to shares of common stock, par value \$.01 per share ("Shares") of Redwood Trust, Inc.

ITEM 3 SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATIONS

The first sentence of Item 3 is amended to read as follows:

"The securities of Redwood Trust, Inc. were purchased at an aggregate cost of \$28,354,600 with the investment capital of Zweig-DiMenna Special Opportunities, L.P., Zweig-DiMenna International Limited, Zweig-DiMenna Partners, L.P., the discretionary account managed by Zweig-DiMenna International Managers, Inc. (the "ZDIM Account") and the discretionary account managed by Gotham Advisors, Inc. (the "Gotham Account")."

ITEM 5 INTEREST IN SECURITIES OF THE ISSUER

The answer to Item 5 is amended to read as follows:

a. Aggregate number of shares beneficially owned:

|   |   |         |
|---|---|---------|
| Zweig-DiMenna Special Opportunities, L.P. | - | 13,800  |
| Zweig-DiMenna International Limited       | - | 487,500 |
| Zweig-DiMenna Partners, L.P.              | - | 21,900  |
| ZDIM Account                              | - | 107,600 |
| Gotham Account                            | - | 60,700  |

Percent of class beneficially owned:

|   |   |      |
|---|---|------|
| Zweig-DiMenna Special Opportunities, L.P. | - | 0.1% |
| Zweig-DiMenna International Limited       | - | 3.3% |
| Zweig-DiMenna Partners, L.P.              | - | 0.2% |
| ZDIM Account                              | - | 0.7% |
| Gotham Account                            | - | 0.4% |

b. Number of shares as to which there is sole power to vote:

|   |   |         |
|---|---|---------|
| Zweig-DiMenna Special Opportunities, L.P. | - | 13,800  |
| Zweig-DiMenna International Limited       | - | 487,500 |
| Zweig-DiMenna Partners, L.P.              | - | 21,900  |
| ZDIM Account                              | - | 107,600 |
| Gotham Account                            | - | 60,700  |

Number of shares as to which there is shared power to vote or to direct the vote:

|   |   |   |
|---|---|---|
| Zweig-DiMenna Special Opportunities, L.P. | - | 0 |
| Zweig-DiMenna International Limited       | - | 0 |
| Zweig-DiMenna Partners, L.P.              | - | 0 |
| ZDIM Account                              | - | 0 |
| Gotham Account                            | - | 0 |

Number of shares as to which there is sole power to dispose or to direct the disposition:

|   |   |         |
|---|---|---------|
| Zweig-DiMenna Special Opportunities, L.P. | - | 13,800  |
| Zweig-DiMenna International Limited       | - | 487,500 |
| Zweig-DiMenna Partners, L.P.              | - | 21,900  |
| ZDIM Account                              | - | 107,600 |

Gotham Account - 60,700

Number of shares as to which there is shared power to dispose or to direct the disposition:

Zweig-DiMenna Special Opportunities, L.P. - 0  
Zweig-DiMenna International Limited - 0  
Zweig-DiMenna Partners, L.P. - 0  
ZDIM Account - 0  
Gotham Account - 0

c. Since September 12, 1997, the date of our last 13D filing for Redwood Trust, Inc., Zweig-DiMenna Special Opportunities, L.P., Zweig-DiMenna International Limited, Zweig-DiMenna Partners, L.P., the ZDIM Account and the Gotham Account sold the Shares on the open market on the following dates and at the following prices and in the following amounts:

ZWEIG-DIMENNA SPECIAL OPPORTUNITIES, L.P.

| DATE    | DESCRIPTION OF SALE                     |
|---------|---|
| 9/12/97 | Sold 28,900 shares at \$30.8750 a share |
| 9/12/97 | Sold 9,600 shares at \$30.875 a share   |
| 9/15/97 | Sold 1,000 shares at \$31.8250 a share  |

ZWEIG-DIMENNA INTERNATIONAL LIMITED

| DATE    | DESCRIPTION OF SALE                     |
|---------|---|
| 9/15/97 | Sold 35,200 shares at \$31.8250 a share |

ZWEIG-DIMENNA PARTNERS, L.P.

| DATE    | DESCRIPTION OF SALE                     |
|---------|---|
| 9/12/97 | Sold 46,100 shares at \$30.8750 a share |
| 9/12/97 | Sold 15,400 shares at \$30.875 a share  |
| 9/15/97 | Sold 1,600 shares at \$31.8250 a share  |

ZDIM ACCOUNT

| DATE    | DESCRIPTION OF SALE                    |
|---------|--|
| 9/15/97 | Sold 7,800 shares at \$31.8250 a share |

GOTHAM ACCOUNT

| DATE    | DESCRIPTION OF SALE                    |
|---------|--|
| 9/15/97 | Sold 4,400 shares at \$31.8250 a share |

d. Not Applicable

e. The Investors ceased to be the beneficial owner of more than 5% of the shares of the Company on September 15, 1997.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: September 16, 1997

ZWEIG-DIMENNA SPECIAL OPPORTUNITIES, L.P.

By: Zweig-DiMenna Associates LLC,  
Managing General Partner

By: /s/ Joseph A. DiMenna

-----  
Name: Joseph A. DiMenna  
Title: A Managing Director of the Managing  
General Partner

ZWEIG-DIMENNA INTERNATIONAL LIMITED

By: Zweig-DiMenna International Managers, Inc.,  
Investment Manager

By: /s/ Joseph A. DiMenna  
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Name: Joseph A. DiMenna  
Title: Executive Vice President

ZWEIG-DIMENNA PARTNERS, L.P.

By: Zweig-DiMenna Associates LLC,  
Managing General Partner

By: /s/ Joseph A. DiMenna  
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Name: Joseph A. DiMenna  
Title: A Managing Director of the Managing  
General Partner

ZWEIG-DIMENNA INTERNATIONAL MANAGERS, INC.

By: /s/ Joseph A. DiMenna  
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Name: Joseph A. DiMenna  
Title: Executive Vice President

GOTHAM ADVISORS, INC.

By: /s/ Joseph A. DiMenna  
-----

Name: Joseph A. DiMenna  
Title: Vice President