

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

November 14, 2003
Date of Report (Date of earliest event reported)

REDWOOD TRUST, INC.

(Exact Name of Registrant as Specified in Charter)

Maryland	001-13759	68-0329422
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
One Belvedere Place Suite 300 Mill Valley, California		94941
(Address of Principal Executive Offices)		(Zip Code)
	(415) 389-7373	
	(Registrant's Telephone Number, Including Area Code)	

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[Item 12. Results of Operation and Financial Condition](#)

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INFORMATION TO BE INCLUDED IN THE REPORT

Item 7(c). **Exhibit**

99.1 “Supplemental Financial Information Quarter Ended September 30, 2003.”

Item 12. **Results of Operation and Financial Condition**

Redwood Trust, Inc. is hereby furnishing, as an Exhibit to this current report on Form 8-K, a copy of its Supplemental Financial Information for the third quarter of 2003, publicly released on November 14, 2003.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 14, 2003

REDWOOD TRUST, INC

By: /s/ Harold F. Zagunis

Harold F. Zagunis
Vice President, Chief Financial Officer,
Treasurer and Secretary

Exhibit Index

Exhibit Number

99.1 "Supplemental Financial Information Quarter Ended September 30, 2003."

<TABLE>
<CAPTION>
TABLE 3
INTEREST EXPENSE
(\$ IN THOUSANDS)

SHORT TERM	AVERAGE	TOTAL	AVERAGE	LONG TERM	LONG TERM	AVERAGE	SHORT TERM	
DEBT COST	TOTAL	INTEREST	COST OF	LONG TERM	INTEREST	DEBT COST	SHORT TERM	
OF FUNDS	DEBT	EXPENSE	FUNDS	DEBT	EXPENSE	OF FUNDS	DEBT	
	----	-----	-----	----	-----	-----	----	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
Q1: 2002 2.12%	\$ 2,211,927	\$ 15,602	2.82%	\$ 1,280,503	\$ 10,661	3.33%	\$ 931,424	\$ 4,941
Q2: 2002 2.37%	2,752,215	18,489	2.69%	1,806,884	12,894	2.85%	945,331	5,595
Q3: 2002 2.43%	3,781,717	24,291	2.57%	2,893,682	18,893	2.61%	888,035	5,398
Q4: 2002 2.65%	5,680,238	33,323	2.35%	5,018,353	28,945	2.31%	661,885	4,378
2002 2.37%	3,616,506	91,705	2.54%	2,760,490	71,393	2.59%	856,016	20,312
Q1: 2003 1.94%	7,036,183	36,933	2.10%	6,637,053	34,993	2.11%	399,130	1,940
Q2: 2003 2.19%	8,160,393	41,802	2.05%	7,861,252	40,163	2.04%	299,141	1,639
Q3: 2003 1.94%	11,541,894	55,532	1.92%	11,197,470	53,861	1.92%	344,424	1,671

<TABLE>
<CAPTION>
TABLE 4
NET INTEREST INCOME ON AN "AT RISK" ASSETS AND RECOURSE DEBT BASIS
(\$ IN THOUSANDS)

INTEREST	INTEREST	NET		RECOURSE	"AT RISK"	"AT RISK"	NET	
INCOME	EXPENSE	INTEREST	"AT RISK"	COST	ASSET	ASSET	INTEREST	
ON	ON	INCOME ON	ASSET	OF	INTEREST	INTEREST	AVERAGE	
"AT RISK"	RECOURSE	"AT RISK"	YIELD	FUNDS	RATE	RATE	CORE	
ASSETS	DEBT	BASIS	-----	-----	SPREAD	MARGIN	EQUITY	
-----	----	-----	-----	-----	-----	-----	-----	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
Q1: 2002	\$20,055	\$ 4,941	\$15,114	6.30%	2.12%	4.18%	4.75%	18.13%
Q2: 2002	23,358	5,595	17,763	7.02%	2.37%	4.65%	5.34%	19.12%
Q3: 2002	23,200	5,398	17,802	7.03%	2.43%	4.60%	5.39%	18.51%
Q4: 2002	25,210	4,378	20,832	9.07%	2.65%	6.42%	7.49%	20.92%
2002	91,823	20,312	71,511	7.29%	2.37%	4.92%	5.68%	19.21%
Q1: 2003	26,132	1,940	24,192	11.77%	1.94%	9.82%	10.89%	23.33%
Q2: 2003	31,263	1,639	29,624	15.54%	2.19%	13.35%	14.73%	27.63%
Q3: 2003	36,302	1,671	34,631	16.19%	1.94%	14.25%	15.44%	30.23%

See TABLE 7 for a reconciliation of GAAP interest income to net interest income on an "at risk" basis and GAAP interest expense to recourse cost of funds. See Table 8 for a description of recourse assets and recourse debt and a related reconciliation to reported GAAP assets and reported GAAP debt.

<TABLE>
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FINANCIAL RESULTS (CONTINUED)

CORE EARNINGS (1)	GAAP	LESS: NET	LESS:	CORE
(\$ IN THOUSANDS)	EARNINGS	REALIZED &	VARIABLE	EARNINGS
	-----	UNREALIZED	STOCK	-----
		MARKET	OPTION	
		VALUE	VALUATION	
		GAINS/	ADJUSTMENTS	
		(LOSSES)	-----	
<S>	<C>	<C>	<C>	<C>
Q1: 2002	\$ 11,219	\$ 875	\$ (543)	\$ 10,887
Q2: 2002	13,802	2,045	(789)	12,546
Q3: 2002	14,306	730	745	12,831
Q4: 2002	14,566	1,461	(78)	13,183
2002	53,893	5,111	(665)	49,447
Q1: 2003	14,932	918	(948)	14,962
Q2: 2003	22,212	2,941	(1,490)	20,761
Q3: 2003	24,636	668	(513)	24,481

(1) Core earnings is not a measure of earnings in accordance with GAAP. Core earnings is calculated as GAAP earnings from ongoing operations less mark-to-market adjustments (which include realized and unrealized gains and losses on certain assets, interest rate agreements, and variable stock options). We believe that core earnings provides relevant and useful information regarding our results of operations in addition to GAAP measures of performance. This is, in part, because market valuation adjustments on only a portion of our assets and stock options and none of our liabilities are recognized through our Consolidated Statements of Income under GAAP, and thus GAAP valuation adjustments may not be fully indicative of changes in market values on our balance sheet as a whole or a reliable guide to our current operating performance. Furthermore, gains or losses realized upon sales of assets vary based on portfolio management decisions; a sale of an asset for a gain or a loss may or may not affect our ongoing earnings from operations. Because all companies and analysts do not calculate non-GAAP measures such as core earnings in the same fashion, core earnings as calculated by us may not be comparable to similarly titled measures reported by other companies.

<TABLE>
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TABLE 6
CORE EQUITY (2)
(\$ IN THOUSANDS)

AVERAGE	BALANCE			AVERAGE				
	TOTAL	SHEET		AVERAGE	SHEET	AVERAGE	AVERAGE	
AVERAGE	COMMON	MARK-TO-MKT	CORE	GAAP	MARK-TO-MKT	CORE	PREFERRED	
COMMON	CORE	ADJUSTMENTS	EQUITY	EQUITY	ADJUSTMENTS	EQUITY	EQUITY	
EQUITY	EQUITY							
-----	-----	-----	-----	-----	-----	-----	-----	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
<C>								
Q1: 2002	\$ 364,444	\$ 11,015	\$ 353,429	\$ 341,766	\$ 8,360	\$ 333,406	\$ 26,517	\$
315,249	\$ 306,889							
Q2: 2002	417,930	35,826	382,104	385,887	14,213	371,674	26,517	
359,370	345,157							
Q3: 2002	445,728	54,148	391,580	432,310	47,705	384,605	26,517	
405,793	358,088							
Q4: 2002	473,033	69,146	403,887	450,464	52,200	398,264	26,517	
423,947	371,747							
2002	473,033	69,146	403,887	402,986	30,786	372,200	26,517	
376,469	345,683							
Q1: 2003	485,402	68,077	417,325	489,086	74,231	414,855	26,517	
462,569	388,338							
Q2: 2003	547,176	108,409	438,767	505,373	76,477	428,896	--	
505,373	428,896							
Q3: 2003	566,134	90,592	475,542	552,645	94,341	458,304	--	
552,645	458,304							

(2) Core equity is calculated as GAAP equity less unrealized gains and losses on certain assets and interest rate agreements. We believe measurements based on core equity provide relevant useful information regarding our results of operations in addition to GAAP measures of performance. This is, in part, because market valuation adjustments reflected in GAAP equity represent unrealized gains and losses on a portion of the balance sheet only and may not be reflective of the equity available to invest in operations. Because all companies and analysts do not calculate non-GAAP measures in the same fashion, core equity and ratios using core equity as calculated by the us may not be comparable to similarly titled measures reported by other companies. Average Common Equity measures are calculated by excluding Average Preferred Equity.

<TABLE>
<CAPTION>

TABLE 7
RECONCILIATION OF GAAP INTEREST INCOME AND INTEREST EXPENSE TO INTEREST INCOME ON "AT RISK" ASSETS AND INTEREST EXPENSE ON RECOURSE DEBT
(\$ IN THOUSANDS)

	TOTAL	INTEREST	INTEREST	TOTAL	INTEREST	INTEREST
	INTEREST	INCOME	INCOME	INTEREST	EXPENSE	EXPENSE
	INCOME	ON NON-	ON	EXPENSE	ON NON-	ON
	-----	RECOURSE	"AT RISK"	-----	RECOURSE	RECOURSE
		ASSETS	ASSETS		DEBT	DEBT
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Q1: 2002	\$ 30,716	\$ 10,661	\$ 20,055	\$ 15,602	\$ 10,661	\$ 4,941
Q2: 2002	36,252	12,894	23,358	18,489	12,894	5,595
Q3: 2002	42,093	18,893	23,200	24,291	18,893	5,398
Q4: 2002	54,155	28,945	25,210	33,323	28,945	4,378
2002	163,216	71,393	91,823	91,705	71,393	20,312
Q1: 2003	61,125	34,993	26,132	36,933	34,993	1,940
Q2: 2003	71,426	40,163	31,263	41,802	40,163	1,639

Q3: 2003 90,163 53,861 36,302 55,532 53,861 1,671
 </TABLE>

FINANCIAL RESULTS (CONTINUED)

<TABLE>
 <CAPTION>
 TABLE 8
 LEVERAGE RATIOS
 EQUITY TO ASSETS AND DEBT TO EQUITY
 (\$ IN THOUSANDS)

REPORTED DEBT TO GAAP EQUITY	RECOURSE DEBT TO GAAP ASSETS EQUITY	GAAP			GAAP			
		NON- RECOURSE ASSETS	(3) RECOURSE ASSETS	EQUITY TO REPORTED ASSETS	EQUITY TO RECOURSE ASSETS	NON- RECOURSE DEBT	(3) RECOURSE DEBT	
Q1: 2002 6.5	\$ 2,739,838 3.1	\$ 1,252,881	\$ 1,486,957	13%	25%	\$ 2,356,972	\$ 1,234,459	\$ 1,122,513
Q2: 2002 7.8	3,689,782 2.4	2,266,849	1,422,933	11%	29%	3,246,603	2,241,600	1,005,003
Q3: 2002 11.7	5,674,302 1.9	4,394,493	1,279,809	8%	35%	5,199,362	4,365,281	834,081
Q4: 2002 13.7	7,007,772 0.2	6,435,025	572,747	7%	83%	6,496,734	6,397,020	99,714
2002 13.7	7,007,772 0.2	6,435,025	572,747	7%	83%	6,496,734	6,397,020	99,714
Q1: 2003 15.8	8,172,063 1.0	7,210,944	961,119	6%	51%	7,646,408	7,170,691	475,717
Q2: 2003 17.8	10,356,052 0.4	9,591,192	764,860	5%	72%	9,760,315	9,542,631	217,684
Q3: 2003 25.2	14,901,374 0.9	13,835,517	1,065,857	4%	53%	14,281,936	13,782,213	499,723

(3) Assets that have been sold to non-recourse securitization trusts and long-term debt that is non-recourse to Redwood are reported on our balance sheet. Only our net investments in the equity of these trusts constitute "at-risk" assets to us. If we had used different terms or forms of securitization these transactions may have been accounted for as sales. With sales accounting, our reported balance sheet (both assets and liabilities) would be substantially smaller (although the economics of the transaction and our exposure to risks would be unchanged). If we structured the securitizations differently and therefore accounted for them as sales rather than financings, our asset-based margins would have been different and, in some respects, reported on a basis that is more comparable to some other financial institutions. Our interest rate spread and our interest rate margin would have been higher and would show a positive trend in recent quarters. Our reported debt-to-equity ratio would have been substantially lower. Table 4 above presents our interest income and interest expense as if we had structured our securitizations to obtain sales accounting treatment rather than financing accounting treatment; effectively, on an "at-risk" basis for assets and on a recourse basis for liabilities.

<TABLE>
 <CAPTION>
 TABLE 9
 RECONCILIATION OF AVERAGE REPORTED ASSETS TO AVERAGE "AT RISK" ASSETS AND
 AVERAGE REPORTED DEBT TO AVERAGE RECOURSE DEBT
 (\$ IN THOUSANDS)

<S>	<C>	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE
		REPORTED ASSETS	NON- RECOURSE ASSETS	"AT RISK" ASSETS	REPORTED DEBT	NON- RECOURSE DEBT	RECOURSE DEBT
Q1: 2002	\$ 2,564,847	\$ 1,291,657	\$ 1,273,190	\$ 2,211,927	\$ 1,280,503	\$ 931,424	
Q2: 2002	3,158,751	1,827,533	1,331,218	2,752,215	1,806,884	945,331	
Q3: 2002	4,234,477	2,914,133	1,320,344	3,781,717	2,893,682	888,035	
Q4: 2002	6,158,898	5,046,549	1,112,349	5,680,238	5,018,353	661,885	
2002	4,039,652	2,780,650	1,259,002	3,616,506	2,760,490	856,016	
Q1: 2003	7,553,727	6,665,511	888,216	7,036,183	6,637,053	399,130	
Q2: 2003	8,687,371	7,882,857	804,514	8,160,393	7,861,252	299,141	
Q3: 2003	12,131,616	11,234,547	897,069	11,541,894	11,197,470	344,424	

PORTFOLIOS

<TABLE>
 <CAPTION>

TABLE 10
BALANCES & YIELDS
(\$ IN THOUSANDS)
PERIOD ENDED

		AT PERIOD END					FOR
		CURRENT	UNAMORTIZED PREMIUM/	CREDIT	UNREALIZED GAIN/	NET BOOK	AVERAGE
INTEREST		FACE	(DISCOUNT)	RESERVE	(LOSS)	VALUE	BALANCE*
INCOME	YIELD	----	-----	-----	-----	-----	-----
<S>		<C>	<C>	<C>	<C>	<C>	<C>
<C>	<C>						
TOTAL EARNING ASSETS							
30,716	Q1: 2002	\$ 2,912,217	\$ (10,332)	\$ (200,037)	\$ 11,016	2,712,864	\$ 2,498,565
	4.92%						
36,252	Q2: 2002	3,854,545	(14,318)	(212,296)	35,827	3,663,758	3,080,165
	4.71%						
42,093	Q3: 2002	5,829,188	(6,941)	(227,346)	54,148	5,649,049	4,131,870
	4.07%						
54,155	Q4: 2002	7,158,374	(25,644)	(233,162)	72,226	6,971,794	6,042,042
	3.59%						
163,216	2002	7,158,374	(25,644)	(233,162)	72,226	6,971,794	3,948,399
	4.13%						
61,125	Q1: 2003	8,356,918	(50,540)	(244,056)	72,282	8,134,604	7,393,566
	3.31%						
71,426	Q2: 2003	10,471,188	(62,789)	(216,834)	115,903	10,307,468	8,523,925
	3.35%						
90,163	Q3: 2003	14,969,841	(23,059)	(191,264)	91,992	14,847,510	11,911,196
	3.03%						
RESIDENTIAL REAL ESTATE LOANS							
14,125	Q1: 2002	\$ 1,790,239	\$ 9,502	\$ (5,481)	\$ --	1,794,260	\$ 1,544,924
	3.66%						
19,601	Q2: 2002	2,795,628	13,881	(5,953)	--	2,803,556	2,201,384
	3.56%						
24,447	Q3: 2002	4,736,645	31,859	(6,611)	--	4,761,893	3,262,462
	3.00%						
37,264	Q4: 2002	6,190,674	32,776	(8,271)	--	6,215,179	5,318,910
	2.80%						
95,437	2002	6,190,674	32,776	(8,271)	--	6,215,179	3,092,755
	3.09%						
42,314	Q1: 2003	7,297,515	33,520	(9,996)	--	7,321,039	6,625,539
	2.55%						
47,299	Q2: 2003	9,206,986	52,593	(12,159)	--	9,247,420	7,670,484
	2.47%						
63,638	Q3: 2003	13,703,475	123,392	(13,617)	--	13,813,250	10,958,059
	2.32%						
RESIDENTIAL LOAN CREDIT-ENHANCEMENT SECURITIES							
6,695	Q1: 2002	\$ 460,035	\$ (28,058)	\$ (194,556)	\$ 12,411	249,832	\$ 201,540
	13.29%						
9,006	Q2: 2002	492,642	(35,745)	(206,343)	34,205	284,759	238,282
	15.12%						
10,443	Q3: 2002	542,669	(49,360)	(220,735)	51,556	324,130	257,844
	16.20%						
11,283	Q4: 2002	559,186	(58,578)	(224,891)	76,762	352,479	271,016
	16.65%						
37,427	2002	559,186	(58,578)	(224,891)	76,762	352,479	242,404
	15.44%						
13,693	Q1: 2003	614,111	(84,648)	(234,060)	77,759	373,162	278,339
	19.68%						
17,977	Q2: 2003	598,134	(113,358)	(204,675)	113,310	393,411	279,010
	25.77%						
19,027	Q3: 2003	603,855	(145,356)	(177,647)	92,559	373,411	270,991
	28.09%						
COMMERCIAL REAL ESTATE LOANS							
1,274	Q1: 2002	\$ 50,057	\$ (677)	\$ --	\$ --	49,380	\$ 50,170
	10.16%						
1,233	Q2: 2002	50,436	(638)	--	--	49,798	49,369
	9.99%						
1,280	Q3: 2002	51,318	(654)	--	--	50,664	50,102
	10.22%						
1,213	Q4: 2002	30,250	(980)	--	--	29,270	47,935
	10.12%						
5,000	2002	30,250	(980)	--	--	29,270	49,390
	10.12%						
816	Q1: 2003	32,223	(1,009)	--	--	31,214	30,888
	10.57%						
960	Q2: 2003	42,492	(7,970)	--	--	34,522	33,138
	11.59%						
	Q3: 2003	31,211	(7,603)	--	--	23,608	30,471

SECURITIES

8,514	5.03%	Q1: 2002	\$ 601,926	\$ 8,901	\$ --	\$ (1,395)	609,432	\$ 676,692
6,222	4.70%	Q2: 2002	502,684	8,184	--	1,622	512,490	529,843
5,719	4.63%	Q3: 2002	477,950	11,214	--	2,592	491,756	493,997
3,949	4.93%	Q4: 2002	339,095	1,138	--	(4,536)	335,697	320,154
24,404	4.84%	2002	339,095	1,138	--	(4,536)	335,697	504,401
4,192	4.66%	Q1: 2003	370,187	1,597	--	(5,477)	366,307	360,084
5,057	4.46%	Q2: 2003	587,038	5,946	--	2,593	595,577	453,546
6,478	4.30%	Q3: 2003	599,144	6,508	--	(567)	605,085	602,622

CASH & EQUIVALENTS

108		Q1: 2002	\$ 9,960	\$ --	\$ --	\$ --	9,960
190		Q2: 2002	13,155	--	--	--	13,155
204		Q3: 2002	20,606	--	--	--	20,606
446		Q4: 2002	39,169	--	--	--	39,169
948		2002	39,169	--	--	--	39,169
110		Q1: 2003	42,882	--	--	--	42,882
133		Q2: 2003	36,539				36,539
81		Q3: 2003	32,156				32,156

</TABLE>

* Average excludes unrealized gains(losses) from mark-to-market adjustments.
PORTFOLIOS (CONTINUED)

<TABLE>
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TABLE 11
PORTFOLIO ACTIVITY

NET INCREASE/ (DECREASE)	ACQUISITIONS	SALES	PRINCIPAL PAYMENTS	DISCOUNT/ (PREMIUM) AMORTIZATION	CREDIT PROVISION	NET CHARGE-OFFS/ (RECOVERIES)	MARK-TO-MKT ADJUSTMENT
(\$ IN THOUSANDS)							
RESIDENTIAL REAL ESTATE LOANS							
\$ 319,398	Q1: 2002	\$ 417,276	\$ --	\$ (95,924)	\$ (1,672)	\$ (282)	\$ --
1,009,296	Q2: 2002	1,146,621	(46,683)	(89,582)	(1,060)	(472)	472
1,958,337	Q3: 2002	2,075,296	(2,960)	(109,896)	(3,502)	(894)	236
1,453,286	Q4: 2002	1,616,400	--	(155,915)	(5,754)	(1,660)	--
4,740,317	2002	5,255,593	(49,643)	(451,317)	(11,988)	(3,308)	236
1,105,860	Q1: 2003	1,338,920	(73,137)	(152,768)	(6,156)	(1,756)	31
1,926,381	Q2: 2003	2,168,181	--	(234,582)	(5,055)	(2,163)	--
4,565,830	Q3: 2003	4,996,403	--	(420,395)	(8,720)	(1,458)	--
RESIDENTIAL LOAN CREDIT-ENHANCEMENT SECURITIES							
\$ 59,019	Q1: 2002	\$ 59,157	\$ (5,037)	\$ (4,270)	\$ 366	\$ --	\$ 8,803
24,010	Q2: 2002	25,849	(898)	(15,801)	1,767	--	--
17,103	Q3: 2002	28,983	--	(9,437)	2,722	--	--
25,205	Q4: 2002	13,442	.	(13,573)	3,275	--	--
161,666	2002	127,431	(5,935)	(43,081)	8,130	--	75,121
	Q1: 2003	37,077	--	(23,212)	5,545	--	--

1,273	20,683								
	Q2: 2003	11,265	(1,248)	(38,773)	10,024	--	--		38,981
20,249									
	Q3: 2003	23,164	--	(37,647)	11,432	--	--		
(16,949)	(20,000)								

COMMERCIAL REAL ESTATE LOANS

1	\$ (1,704)	\$ 140	\$ --	\$ (1,873)	\$ 28	\$ --	\$ --	\$ --	\$ --
	Q1: 2002								
1	418	470	--	(53)	--	--	--	--	--
	Q2: 2002								
1	866	919	--	(54)	--	--	--	--	--
	Q3: 2002								
(350)	(21,394)	--	--	(21,068)	24	--	--	--	--
	Q4: 2002								
(347)	2002	1,529	--	(23,048)	52	--	--	--	--
	Q1: 2003								
1	1,944	2,011	--	(68)	--	--	--	--	--
	Q2: 2003								
1	3,308	3,408	--	(34)	(67)	--	--	--	--
	Q3: 2003								
130	(10,914)	1,023	--	(12,034)	(33)	--	--	--	--

SECURITIES

\$ (74,050)	Q1: 2002	\$ 76,701	\$ (89,395)	\$ (60,040)	\$ (1,701)	\$ --	\$ --	\$ --	\$ 385
	Q2: 2002	23,026	(56,802)	(65,617)	(1,249)	--	--	--	3,700
(96,942)									
5,337	Q3: 2002	6,811	--	(31,830)	(1,052)	--	--	--	--
	Q4: 2002								
(5,997)	(156,059)	196,279	(315,308)	(31,009)	(24)	--	--	--	--
	2002	302,817	(461,505)	(188,496)	(4,026)	--	--	--	3,425
(347,785)									
(1,019)	Q1: 2003	42,955	--	(11,329)	3	--	--	--	--
	Q2: 2003								
229,270	30,610	237,515	(4,051)	(12,126)	(111)	--	--	--	8,043
	Q3: 2003								
(6,421)	9,508	28,702	--	(12,677)	(96)	--	--	--	--

<TABLE>
<CAPTION>
TABLE 12
RESIDENTIAL CREDIT RESULTS
(\$ IN THOUSANDS)

LOSSES TO		INTERNALLY-				TOTAL CREDIT			
TOTAL	JUNIOR TO	FACE VALUE	DESIGNATED	EXTERNAL	TOTAL	PROTECTION	AS % OF	DELINQUENT	DELINQUENT
CREDIT	REDWOOD'S	UNDERLYING	CREDIT	CREDIT	CREDIT	AS % OF	LOANS	LOANS	LOAN %
LOSSES	INTEREST	LOANS	RESERVES	ENHANCEMENT	PROTECTION	LOANS	LOANS	LOANS	LOAN %
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<C>									
TOTAL RESIDENTIAL PORTFOLIO									
452	\$ 618	\$ 66,616,844	\$ 200,037	\$ 79,924	\$ 279,961	0.42%	\$ 134,775	0.20%	\$
115	189	68,856,787	212,296	65,102	277,398	0.40%	153,217	0.22%	
386	103	73,220,004	227,346	64,147	291,493	0.40%	152,894	0.21%	
377	163	64,849,784	233,162	63,179	296,341	0.46%	150,353	0.23%	
1,330	1,073	64,849,784	233,162	63,179	296,341	0.46%	150,353	0.23%	
1,171	456	68,045,731	244,056	61,814	305,870	0.45%	162,657	0.24%	
384	152	61,031,485	216,834	58,296	275,130	0.45%	163,894	0.27%	
986	38	57,493,402	191,264	51,985	243,249	0.42%	179,871	0.31%	

RESIDENTIAL REAL ESTATE LOANS

--	\$ --	\$ 1,790,239	\$ 5,481	\$ --	\$ 5,481	0.31%	\$ 4,926	0.28%	\$
	Q1: 2002								
--	--	2,795,628	5,953	--	5,953	0.21%	3,257	0.12%	
	Q2: 2002								

236	Q3: 2002	4,736,645	6,611	--	6,611	0.14%	1,387	0.03%
--	Q4: 2002	6,190,674	8,271	--	8,271	0.13%	4,127	0.07%
236	2002	6,190,674	8,271	--	8,271	0.13%	4,127	0.07%
31	Q1: 2003	7,297,515	9,996	--	9,996	0.14%	1,159	0.02%
--	Q2: 2003	9,206,986	12,159	--	12,159	0.13%	3,895	0.04%
--	Q3: 2003	13,813,250	13,617	--	13,617	0.10%	1,598	0.01%

RESIDENTIAL LOAN CREDIT-ENHANCEMENT SECURITIES

452	Q1: 2002	\$ 64,826,605	\$ 194,556	\$ 79,924	\$ 274,480	0.42%	\$ 129,849	0.20%
115	Q2: 2002	66,061,159	206,343	65,102	271,445	0.41%	149,960	0.23%
150	Q3: 2002	68,483,359	220,735	64,147	284,882	0.42%	151,507	0.22%
377	Q4: 2002	58,659,110	224,891	63,179	288,070	0.49%	146,226	0.25%
1,094	2002	58,659,110	224,891	63,179	288,070	0.49%	146,226	0.25%
1,140	Q1: 2003	60,748,216	234,060	61,814	295,874	0.49%	161,498	0.27%
384	Q2: 2003	51,824,499	204,675	58,296	262,971	0.51%	159,999	0.31%
986	Q3: 2003	43,680,152	177,647	51,985	229,632	0.53%	178,273	0.41%

</TABLE>

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TABLE 12

RESIDENTIAL CREDIT RESULTS

(\$ IN THOUSANDS)

	REDWOOD'S SHARE OF NET CHARGE OFFS (RECOVERIES)	TOTAL CREDIT LOSSES AS % OF LOANS (ANNUALIZED)
<S>	<C>	<C>
TOTAL RESIDENTIAL PORTFOLIO		
Q1: 2002	\$ (166)	0.01%
Q2: 2002	(74)	0.01%
Q3: 2002	283	0.01%
Q4: 2002	214	0.01%
2002	257	0.01%
Q1: 2003	715	0.01%
Q2: 2003	232	0.01%
Q3: 2003	948	0.01%
RESIDENTIAL REAL ESTATE LOANS		
Q1: 2002	\$ --	0.01%
Q2: 2002	--	0.01%
Q3: 2002	236	0.01%
Q4: 2002	--	0.01%
2002	236	0.01%
Q1: 2003	31	0.01%
Q2: 2003	--	0.01%
Q3: 2003	--	0.01%
RESIDENTIAL LOAN CREDIT-ENHANCEMENT SECURITIES		
Q1: 2002	\$ (166)	0.01%
Q2: 2002	(74)	0.01%
Q3: 2002	47	0.01%
Q4: 2002	214	0.01%
2002	21	0.01%
Q1: 2003	684	0.01%
Q2: 2003	232	0.01%
Q3: 2003	948	0.01%

</TABLE>

(4) The credit reserve on residential real estate loans owned is only available to absorb losses on the residential real estate loan portfolio. The internally-designated credit reserves on loans credit enhanced and the external credit enhancement on loans credit enhanced are only available to absorb losses on the residential loan credit-enhancement portfolio.

LOAN CHARACTERISTICS

<TABLE>

<CAPTION>

TABLE 13
RESIDENTIAL REAL ESTATE LOAN CHARACTERISTICS
(AT PERIOD END, ALL DOLLARS IN THOUSANDS)

2002	MAR. 2002	SEP. 2003	JUN. 2003	MAR. 2003	DEC. 2002	SEP. 2002	JUN.
<S>		<C>	<C>	<C>	<C>	<C>	<C>
<C>							
Retained Residential Loans \$ 1,794,260		\$13,813,250	\$ 9,247,420	\$ 7,321,039	\$ 6,215,179	\$ 4,761,893	\$ 2,803,556
Number of loans		37,122	24,988	19,805	16,669	12,580	
7,394	4,914						
Average loan size		\$ 372	\$ 370	\$ 370	\$ 373	\$ 379	\$
379	\$ 365						
Adjustable %		99%	99%	99%	99%	98%	
96%	100%						
Hybrid %		1%	1%	1%	1%	2%	
4%	0%						
Fixed %		0%	0%	0%	0%	0%	
0%	0%						
Northern California		13%	13%	13%	12%	12%	
13%	12%						
Southern California		12%	12%	12%	12%	12%	
12%	11%						
Florida		11%	12%	12%	12%	11%	
13%	12%						
Georgia		6%	6%	7%	8%	8%	
9%	7%						
New York		6%	5%	5%	6%	6%	
6%	7%						
New Jersey		5%	4%	5%	5%	5%	
5%	5%						
Illinois		4%	4%	4%	4%	4%	
4%	3%						
Texas		4%	3%	3%	3%	3%	
3%	3%						
Arizona		3%	3%	3%	3%	3%	
2%	3%						
Colorado		3%	3%	3%	3%	3%	
3%	3%						
North Carolina		3%	3%	3%	3%	3%	
2%	2%						
Other states (none greater than 3%)		30%	32%	30%	29%	30%	
28%	32%						
Year 2003 origination		65%	40%	11%	0%	0%	
0%	0%						
Year 2002 origination		29%	49%	72%	78%	70%	
47%	17%						
Year 2001 origination		3%	6%	11%	13%	18%	
31%	42%						
Year 2000 origination		0%	0%	0%	0%	0%	
0%	0%						
Year 1999 origination		1%	1%	2%	2%	3%	
5%	9%						
Year 1998 origination or earlier		2%	4%	4%	7%	9%	
17%	32%						
% balance in loans > \$1mm per loan		17%	15%	14%	14%	15%	
15%	16%						

<TABLE>
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TABLE 14
RESIDENTIAL LOAN CREDIT-ENHANCEMENT SECURITIES - UNDERLYING COLLATERAL CHARACTERISTICS
(ALL DOLLARS IN THOUSANDS)

2002	MAR. 2002	SEP. 2003	JUN. 2003	MAR. 2003	DEC. 2002	SEP. 2002	JUN.
<S>		<C>	<C>	<C>	<C>	<C>	<C>
<C>							
First loss position, principal value		\$ 236,968	\$ 233,787	\$ 236,122	\$ 215,046	\$ 206,062	\$
181,179	\$ 173,990						
Second loss position, principal value		168,547	168,524	176,864	163,428	152,433	
139,290	127,930						
Third loss position, principal value		198,340	195,823	201,125	180,712	184,174	
172,173	158,115						
TOTAL PRINCIPAL VALUE		\$ 603,855	\$ 598,134	\$ 614,111	\$ 559,186	\$ 542,669	\$
492,642	\$ 460,035						

First loss position, reported value	\$ 70,458	\$ 74,470	\$ 63,675	\$ 65,292	\$ 52,595	\$
46,979 \$ 42,760						
Second loss position, reported value	128,280	139,788	130,415	121,491	104,928	
90,878 79,969						
Third loss position, reported value	174,673	179,153	179,072	165,696	166,607	
146,902 127,103						

TOTAL REPORTED VALUE	\$ 373,411	\$ 393,411	\$ 373,162	\$ 352,479	\$ 324,130	\$
284,759 \$ 249,832						
Internal Designated Credit Reserves	\$ 177,647	\$ 204,675	\$ 234,060	\$ 224,891	\$ 220,735	\$
206,343 \$ 194,556						
External Credit Enhancement	51,985	58,296	61,814	63,179	64,147	
65,102 79,924						

Total Credit Protection	\$ 229,632	\$ 262,971	\$ 295,874	\$ 288,070	\$ 284,882	\$
271,445 \$ 274,480						
As % of Total Portfolio	0.53%	0.51%	0.49%	0.49%	0.42%	
0.41% 0.42%						
Underlying Residential Real Estate Loans	\$43,680,152	\$51,824,499	\$60,748,216	\$58,659,110	\$68,483,359	
\$66,061,159 \$64,826,605						
Number of credit-enhanced loans	96,424	116,730	138,327	135,196	160,695	
165,515 162,502						
Average loan size	\$ 453	\$ 444	\$ 439	\$ 434	\$ 426	\$
399 \$ 398						
Adjustable %	20%	36%	27%	20%	20%	
19% 19%						
Hybrid %	34%	36%	39%	37%	28%	
20% 14%						
Fixed %	46%	28%	34%	43%	52%	
61% 67%						
Northern California	25%	26%	26%	27%	27%	
25% 25%						
Southern California	25%	24%	24%	25%	24%	
24% 25%						
New York	6%	6%	5%	5%	4%	
5% 5%						
Florida	4%	4%	4%	3%	3%	
3% 3%						
Texas	3%	3%	3%	3%	3%	
4% 4%						
Massachusetts	3%	3%	3%	3%	3%	
3% 3%						
New Jersey	3%	3%	3%	3%	3%	
3% 3%						
Other states (none greater than 3%)	31%	31%	32%	31%	33%	
33% 32%						
Year 2003 origination	28%	12%	2%	0%	0%	
0% 0%						
Year 2002 origination	34%	42%	41%	28%	25%	
11% 1%						
Year 2001 origination	18%	24%	31%	40%	43%	
49% 55%						
Year 2000 origination	4%	4%	4%	5%	5%	
6% 8%						
Year 1999 origination	6%	7%	9%	11%	11%	
16% 17%						
Year 1998 or earlier origination	10%	11%	13%	16%	16%	
18% 19%						
% balance in loans > \$1mm per loan	11%	10%	10%	8%	6%	
5% 4%						

LOAN CHARACTERISTICS (CONTINUED)

		SEP. 2003	JUN. 2003	MAR. 2003	DEC. 2002	SEP. 2002	JUN.
2002	MAR. 2002						
-----	-----						
<S>		<C>	<C>	<C>	<C>	<C>	<C>
<C>							
Commercial Mortgage Loans		\$ 23,608	\$ 34,522	\$ 31,214	\$ 29,270	\$ 50,664	\$
49,978 \$ 49,380							

Number of Loans	9	12	10	7	9
8					
Average Loan Size	\$ 2,623	\$ 2,877	\$ 3,121	\$ 4,181	\$ 5,629
6,247	\$ 7,054				
Serious Delinquency	\$ --	\$ 650	\$ 650	\$ 650	\$ --
--					
Realized Credit losses	--	--	--	--	--
--					
California %	65%	46%	40%	36%	62%
61%	61%				

<TABLE>
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TABLE 16
SECURITIES PORTFOLIO - CHARACTERISTICS AT SEPTEMBER 30, 2003
(\$ IN THOUSANDS)

Securities	TOTAL	RATING:					
UNRATED		AAA	AA	A	BBB	BB	B
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial Real Estate	\$ 94,507	\$ 11,511	\$ --	\$ 18,021	\$ 55,037	\$ 5,918	\$
4,020	\$ --						
Residential Prime	165,508	29,232	80,726	23,858	31,692	--	
--							
Residential Subprime	152,194	--	15,956	100,990	35,248	--	
--							
Residential Second Lien	67,345	--	40,009	23,142	4,194	--	
--							
Manufactured Housing	13,861	2,902	5,599	5,360	--	--	
--							
Corporate REIT Debt	56,823	--	--	7,347	49,476	--	
--							
Real Estate CDOs	54,847	4,875	9,652	13,614	21,361	--	
--	5,345						
Total Securities Portfolio	\$ 605,085	\$ 48,520	\$ 151,942	\$ 192,332	\$ 197,008	\$ 5,918	\$
4,020	\$ 5,345						

<TABLE>
<CAPTION>
TABLE 17
ASSET / LIABILITY MATCHING AT SEPTEMBER 30, 2003
(\$ IN THOUSANDS)

TOTAL		ONE-	SIX-	ONE-	NON	
LIABILITIES		MONTH	MONTH	YEAR	FIXED/	INTEREST
ASSET	ASSET	LIBOR	LIBOR	TREASURY	HYBRID	BEARING
AND	AMOUNT	LIABILITIES	LIABILITIES	LIABILITIES	LIABILITIES	LIABILITIES
TYPE						
EQUITY	EQUITY					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Cash (unrestricted)	\$ 32,156	\$ 32,156	\$ --	\$ --	\$ --	\$ --
--	\$ 32,156					
One-Month LIBOR	3,826,039	3,826,039	--	--	--	--
--	3,826,039					
Six-Month LIBOR	10,355,261	2,150,026	7,749,548	124,932	--	--
330,755	10,355,261					
Other ARM	48,880	--	--	48,880	--	--
--	48,880					
Fixed / Hybrid < 1 yr*	70,221	--	--	--	33,000	--
37,221	70,221					
Fixed / Hybrid > 1 yr	514,953	--	--	--	317,355	--
197,598	514,953					
Non-Earning Assets	53,864	--	--	--	--	53,304
560	53,864					
Total	\$14,901,374	\$ 6,008,221	\$ 7,749,548	\$ 173,812	\$ 350,355	\$ 53,304
566,134	\$14,901,374					

* Projected principal receipts on fixed-rate and hybrid assets over the next twelve months.

Sequoia 10 B3 4,725 2.52%	BBB	09/26/02	4,725	1m LIBOR	2027	2011
Sequoia 11 A 623,476 1.57%	AAA	10/30/02	695,210	1m LIBOR	2032	2011
Sequoia 11 B1 9,726 2.09%	AA	10/30/02	9,726	1m LIBOR	2032	2011
Sequoia 12 A 989,438 1.57%	AAA	12/19/02	1,080,076	1m LIBOR	2033	2009
Sequoia 12 B1 16,815 1.97%	AA	12/19/02	16,815	1m LIBOR	2033	2009
Sequoia 2003-1 A1 737,456 1.50%	AAA	02/27/03	798,206	1m LIBOR	2033	2009
Sequoia 2003-1 A2 176,219 1.59%	AAA	02/27/03	190,000	6m LIBOR	2033	2009
Sequoia 2003-1 B1 15,905 2.00%	AA	02/27/03	15,905	1m LIBOR	2033	2009
Sequoia 2003-1 B2 8,210 2.57%	A	02/27/03	8,210	Pass Through	2033	2009
Sequoia 2003-2 A1 478,544 1.45%	AAA	04/29/03	500,000	1m LIBOR	2022	2009
Sequoia 2003-2 A2 286,626 1.63%	AAA	04/29/03	303,600	6m LIBOR	2022	2009
Sequoia 2003-2 M1 11,480 1.77%	AA	04/29/03	11,480	1m LIBOR	2016	2009
Sequoia 2003-3 A1 373,289 1.45%	AAA	06/26/03	379,455	1m LIBOR	2023	2009
Sequoia 2003-3 A2 147,655 1.34%	AAA	06/26/03	149,922	6m LIBOR	2023	2009
Sequoia 2003-3 B1 9,075 1.77%	AA	06/26/03	9,075	1m LIBOR	2025	2009
MLCC 2003-C A1 746,145 1.45%	AAA	06/26/03	773,795	1m LIBOR	2023	2011
MLCC 2003-C A2 196,770 1.34%	AAA	06/26/03	200,002	6m LIBOR	2023	2011
MLCC 2003-C B1 10,553 1.77%	AA	06/26/03	10,553	1m LIBOR	2025	2011
MLCC 2003-D A 984,652 1.43%	AAA	07/29/03	992,833	1m LIBOR	2028	2011
MLCC 2003-D B1 10,758 1.75%	AA	07/29/03	10,758	1m LIBOR	2028	2011
Sequoia 2003-4 1A1 146,877 1.43%	AAA	07/29/03	148,641	1m LIBOR	2033	2011
Sequoia 2003-4 1A2 149,338 1.45%	AAA	07/29/03	150,000	6m LIBOR	2033	2011
Sequoia 2003-4 1B1 3,864 1.77%	AA	07/29/03	3,864	1m LIBOR	2033	2011
Sequoia 2003-4 2A1 184,777 1.47%	AAA	07/29/03	189,415	1m LIBOR	2033	2011
Sequoia 2003-4 2M1 9,986 1.59%	AA	07/29/03	9,986	1m LIBOR	2033	2011
Sequoia 2003-4 2B1 2,367 1.77%	AA	07/29/03	2,367	1m LIBOR	2033	2011
Sequoia 2003-5 A1 671,621 1.43%	AAA	08/27/03	675,596	1m LIBOR	2033	2009
Sequoia 2003-5 A2 149,558 1.53%	AAA	08/27/03	149,609	6m LIBOR	2033	2009
Sequoia 2003-5 B1 15,043 1.72%	AA	08/27/03	15,043	1m LIBOR	2033	2009
MLCC 2003-E A1 815,642 1.43%	AAA	08/28/03	823,305	1m LIBOR	2028	2009
MLCC 2003-E A2 149,408 1.54%	AAA	08/28/03	150,000	1m LIBOR	2028	2009
MLCC 2003-E B1 10,547 1.72%	AA	08/28/03	10,547	1m LIBOR	2028	2009
MLCC 2003-F A1 839,000 1.44%	AAA	09/25/03	839,000	1m LIBOR	2028	2011
MLCC 2003-F A2 270,000 1.52%	AAA	09/25/03	270,000	1m LIBOR	2028	2011
MLCC 2003-F A3 175,000 2.90%	AAA	09/25/03	175,000	Pass Through	2028	2011
MLCC 2003-F B1 13,913 1.72%	AA	09/25/03	13,913	1m LIBOR	2028	2011

TOTAL SEQUOIA ISSUANCE
13,035,867 1.54%

\$ 16,043,665

\$

</TABLE>

LONG-TERM DEBT CHARACTERISTICS (CONTINUED)

<TABLE>
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TABLE 19
LONG-TERM DEBT CHARACTERISTICS - COMMERCIAL REAL ESTATE LOANS

(\$ IN THOUSANDS)

PRINCIPAL COMMERCIAL OUTSTANDING LONG TERM DEBT 30, SEP. 30, ISSUE 2003	INTEREST RATE AT 2003	DEBT RATING	ISSUE DATE	ORIGINAL ISSUE AMOUNT	INDEX	STATED Maturity	ESTIMATED CALLABLE DATE	AT SEP.
Commercial 1	NM	NR	03/30/01	\$ 9,010	1m LIBOR	2002	Paid Off	\$
Commercial 2	NM	NR	03/30/01	8,320	1m LIBOR	2003	Paid Off	
Commercial 3	NM	NR	03/01/02	8,318	1m LIBOR	2003	Paid Off	
Commercial 4	9.50%	NR	08/18/03	5,595	1m LIBOR	2009	NC	
TOTAL COMMERCIAL ISSUANCE				\$ 31,243				\$
5,590	8.63%							

</TABLE>

<TABLE>
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TABLE 20
LONG-TERM DEBT CHARACTERISTICS
COLLATERALIZED DEBT OBLIGATIONS AND OTHER RESECURITIZATIONS - ACACIA AND SMFC
(\$ IN THOUSANDS)

PRINCIPAL RESECURITIZATIONS OUTSTANDING LONG TERM DEBT 30, SEP. 30, RESECURITIZATIONS 2003	INTEREST RATE AT 2003	DEBT RATING	ISSUE DATE	ORIGINAL ISSUE AMOUNT	INDEX	STATED Maturity	ESTIMATED CALLABLE DATE	AT SEP.
SMFC 2002A A1	1.71%	AAA	04/30/02	64,761	1m LIBOR	2030	2006	\$
SMFC 2002A A2	1.86%	AAA	04/30/02	15,861	1m LIBOR	2029	2006	
Acacia CDO 1 A	1.72%	AAA	12/10/02	224,250	3m LIBOR	2018	2010	
Acacia CDO 1 B	2.44%	AA	12/10/02	45,000	3m LIBOR	2037	2010	
Acacia CDO 1 C	3.84%	BBB	12/10/02	15,750	3m LIBOR	2037	2010	
SMFC 2002B I A1	5.43%	AA	12/19/02	16,855	Fixed	2031	2011	
SMFC 2002B I A2	5.68%	A	12/19/02	18,274	Fixed	2031	2011	
SMFC 2002B I A3	6.38%	BBB	12/19/02	17,221	Fixed	2031	2011	
SMFC 2002B I A4	6.75%	BB	12/19/02	25,133	Fixed	2031	2011	
SMFC 2002B II A1	4.82%	AA	12/19/02	15,517	Fixed	2039	2008	
SMFC 2002B II A2	4.92%	A	12/19/02	18,345	Fixed	2039	2008	
SMFC 2002B II A3	5.35%	BBB	12/19/02	14,989	Fixed	2039	2008	
SMFC 2002B II A4	6.00%	BB	12/19/02	8,347	Fixed	2039	2008	
Acacia CDO 2 A	1.80%	AAA	05/13/03	222,000	3m LIBOR	2023	2011	
Acacia CDO 2 B	2.45%	AA	05/13/03	45,375	3m LIBOR	2038	2011	
Acacia CDO 2 C	4.40%	BBB	05/13/03	16,500	3m LIBOR	2038	2011	
TOTAL RESECURITIZATIONS				\$ 784,178				\$
701,322	2.50%							

</TABLE>

OTHER SUPPLEMENTAL FINANCIAL DATA

<TABLE> <CAPTION> TABLE 21 OPERATING EXPENSES EFFICIENCY (\$ IN THOUSANDS) RATIO:									
FIXED VARIABLE OPERATING EXPENSES/ NET INTEREST INCOME	FIXED AND TOTAL OPERATING EXPENSES	LESS: VARIABLE STOCK OPTION ADJUSTMENTS & EXCISE TAX			TOTAL FIXED AND OPERATING EXPENSES	FIXED OPERATING EXPENSES	FIXED AND VARIABLE OPERATING EXPENSES (PERFORMANCE BASED)	FIXED AND VARIABLE OPERATING EXPENSES/ AVERAGE GAAP	FIXED AND VARIABLE OPERATING EXPENSES/ AVERAGE CORE EQUITY
		OPERATING EXPENSES/ AVERAGE CORE EQUITY	OPERATING EXPENSES/ AVERAGE CORE EQUITY						
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Q1: 2002 23%	\$4,089	\$543	\$3,546	\$1,758	\$1,788	4.2%	4.3%	2.1%	
Q2: 2002 26%	5,325	789	4,536	2,081	2,455	4.7%	4.9%	2.2%	
Q3: 2002 24%	3,545	(745)	4,290	2,101	2,189	4.0%	4.5%	2.2%	
Q4: 2002 29%	7,046	1,037	6,009	2,230	3,779	5.3%	6.0%	2.2%	
2002 26%	20,005	1,624	18,381	8,170	10,211	4.6%	4.9%	2.2%	
Q1: 2003 27%	8,282	1,810	6,472	2,663	3,809	5.3%	6.2%	2.6%	
Q2: 2003 25%	8,793	1,490	7,303	2,645	4,658	5.8%	6.8%	2.5%	
Q3: 2003 25%	9,098	513	8,585	3,941	4,644	6.2%	7.5%	3.4%	

<TABLE>
<CAPTION>
TABLE 22
UNAMORTIZED PREMIUM AND DISCOUNT BALANCES*
(\$ IN THOUSANDS)

<S>	UNAMORTIZED GROSS PREMIUM	UNAMORTIZED GROSS DISCOUNT	UNAMORTIZED NET PREMIUM/ (DISCOUNT)	NET AMORTIZATION (EXPENSE) INCOME DURING PERIOD
				<C>
Q1: 2002	\$23,036	(\$32,053)	(\$9,017)	(\$3,201)
Q2: 2002	31,155	(40,301)	(9,146)	(793)
Q3: 2002	57,951	(58,397)	(446)	(2,148)
Q4: 2002	60,478	(70,140)	(9,662)	(3,083)
2002	60,478	(70,140)	(9,662)	(3,083)
Q1: 2003	62,812	(96,131)	(33,319)	(2,098)
Q2: 2003	95,644	(139,297)	(43,653)	3,269
Q3: 2003	176,644	(239,139)	(62,495)	1,736

* Includes deferred bond issuance costs and net premium on long-term debt.

<TABLE>
<CAPTION>
TABLE 23
DIFFERENCES BETWEEN GAAP INCOME AND ESTIMATED REIT TAXABLE INCOME
(\$ IN THOUSANDS, EXCEPT SHARE DATA)

FOR THE YEAR ENDED	FOR THE FIRST QUARTER ENDED	FOR THE SECOND QUARTER ENDED	FOR THE THIRD QUARTER ENDED	FOR THE NINE MONTHS ENDED
	3/31/2003	6/30/2003	9/30/2003	9/30/2003
12/31/2002	-----	-----	-----	-----

<S> <C>	<C>	<C>	<C>	<C>
GAAP Income	\$ 14,932	\$ 22,212	\$ 24,636	\$ 61,780
\$ 53,893				
(Earnings) losses from taxable subsidiaries	(545)	(1,952)	(2,484)	(4,981)
37				
Amortization and credit expenses	8,852	5,320	10,610	24,782
19,998				
Operating expenses	2,826	4,468	2,223	9,517
5,723				
Provision for excise tax	862	--	--	862
959				
Mark-to-market expenses	(1,267)	2,474	(1,102)	105
(3,280)				
-----	-----	-----	-----	-----
Estimated REIT taxable income for common shareholders	\$ 25,660	\$ 32,522	\$ 33,883	\$ 92,065
\$ 77,330	=====	=====	=====	=====
=====				
Common Shares Outstanding at Period End	16,604,910	17,820,856	18,468,138	18,468,138
16,277,285				
REIT Taxable Income Per Share	\$ 1.55	\$ 1.82	\$ 1.83	\$ 4.99
\$ 4.75				

</TABLE>

END