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

FORM 10-K/A
AMENDMENT NO. 1 TO

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED: DECEMBER 31, 1996
OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ____ TO ____

COMMISSION FILE NUMBER: 0-26436

REDWOOD TRUST, INC.
(Exact name of Registrant as specified in its Charter)

MARYLAND 68-0329422
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

591 REDWOOD HIGHWAY, SUITE 3100
MILL VALLEY, CALIFORNIA 94941
(Address of principal executive offices) (Zip Code)

(415) 389-7373
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: Securities registered pursuant to Section 12(g) of the Act:

NONE CLASS B 9.74 % CUMULATIVE CONVERTIBLE
PREFERRED STOCK, PAR VALUE \$0.01 PER
SHARE
(Title of Class)

COMMON STOCK, PAR VALUE \$0.01 PER SHARE
(Title of Class)

STOCK PURCHASE WARRANTS, EXPIRING DECEMBER
31, 1997
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months (or for such shorter period that the Registrant was
required to file such reports), and (2) has been subject to such filing
requirements for the past 90 days. Yes [X] No []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-K is not contained herein, and will not be contained, to the
best of Registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this
Form 10-K. []

At March 17, 1997 the aggregate market value of the voting stock held by
non-affiliates of the Registrant was \$479,425,809.

The number of shares of the Registrant's Common Stock outstanding on March 17,
1997 was 11,797,753.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement issued in connection
with the 1997 Annual Meeting of Stockholders are incorporated by reference into
Part III.

REDWOOD TRUST, INC.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON
FORM 8-K

(a) Documents filed as part of this report:

(3) Exhibits:

Exhibit No. -----	Exhibit -----
23.1	Consent of Independent Accountants

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SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Act of 1934, the Registrant has duly caused this amendment to its report on Form 10-K to be signed on behalf of it by the undersigned thereunto duly authorized.

REDWOOD TRUST, INC.

Dated: April 3, 1997

/s/ Vickie L. Rath

Vickie L. Rath
Principal Accounting Officer

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[COOPERS & LYBRAND LETTERHEAD]

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the inclusion in this Annual Report on Form 10-K of Redwood Trust, Inc. (the "Company") of our report dated February 21, 1997, on our audits of the financial statements of the Company as of December 31, 1996 and 1995, and for the years ended December 31, 1996 and 1995 and for the period from August 19, 1994 to December 31, 1994.

We also consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 33-97398, 333-11665 and 333-18061) and on Form S-8/S-3 (No. 333-20253) of our report dated February 21, 1997, with respect to our audits of the financial statements referred to above and to the reference to our firm in such Registration Statements under the caption "Experts."

/s/ COOPERS & LYBRAND, L.L.P.

Coopers & Lybrand, L.L.P.

San Francisco, California
April 2, 1997