

FORM 4

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

OMB APPROVAL
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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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person HANSEN DOUGLAS B (Last) (First) (Middle) 1 BELVEDERE PLACE, SUITE 300 (Street) MILL VALLEY, CA 94941 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol REDWOOD TRUST INC [RWT] 3. Date of Earliest Transaction (Month/Day/Year) 11/20/2006 4. If Amendment, Date Original Filed(Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">President</div> 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
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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	11/20/2006	11/20/2006	S		7,900	D	\$ 59,0803	133,363	D	
Common Stock	11/20/2006		M		40,736	A	\$ 45	174,099	D	
Common Stock	11/20/2006		F		31,101	D	\$ 58.94	142,998	D	
Common Stock	11/20/2006		F		3,733	D	\$ 58.94	139,265	D	
Common Stock	11/20/2006		M		36,750	A	\$ 11.4375	176,015	D	
Common Stock	11/20/2006		F		7,131	D	\$ 58.94	168,884	D	
Common Stock	11/20/2006		F		11,477	D	\$ 58.94	157,407	D	
Common Stock	11/20/2006		M		14,690	A	\$ 24.50	172,097	D	
Common Stock	11/20/2006		F		6,106	D	\$ 58.94	165,991	D	
Common Stock	11/20/2006		F		3,326	D	\$ 58.94	162,665	D	
Common Stock	11/20/2006		M		38,853	A	\$ 27.05	201,518	D	
Common Stock	11/20/2006		F		17,831	D	\$ 58.94	183,687	D	
Common Stock	11/20/2006		F		8,145	D	\$ 58.94	175,542	D	
Common Stock	11/20/2006		M		100,000	A	\$ 37.75	275,542	D	
Common Stock	11/20/2006		F		64,048	D	\$ 58.94	211,494	D	
Common Stock	11/20/2006		F		13,931	D	\$ 58.94	197,563	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 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	Amount or Number of Shares				
Non-Qualified Stock Option (right to buy)	\$ 11.4375	11/20/2006		M		36,750		12/02/1999	12/02/2009	Common Stock	36,750	\$ 0	36,750	D	
Non-Qualified Stock Option (right to buy)	\$ 24.50	11/20/2006		M		14,690		12/17/2001	12/17/2011	Common Stock	14,690	\$ 0	0	D	

Non-Qualified Stock Option (right to buy)	\$ 27.05	11/20/2006		M		38,853	12/19/2002 ⁽²⁾	12/19/2012	Common Stock	38,853	\$ 0	3,886	D
Non-Qualified Stock Option (right to buy)	\$ 37.75	11/20/2006		M		100,000	01/20/1997	01/18/2007	Common Stock	100,000	\$ 0	0	D
Non-Qualified Stock Option (right to buy)	\$ 45	11/20/2006		M		40,736	07/25/1997	07/25/2007	Common Stock	40,736	\$ 0	0	D
Non-Qualified Stock Option (right to buy)	\$ 58.94	11/20/2006		A	9,432		⁽³⁾	12/17/2011	Common Stock	9,432	\$ 0	9,432	D
Non-Qualified Stock Option (right to buy)	\$ 58.94	11/20/2006		A	25,977		⁽³⁾	12/19/2012	Common Stock	25,977	\$ 0	25,977	D

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HANSEN DOUGLAS B 1 BELVEDERE PLACE SUITE 300 MILL VALLEY, CA 94941	X		President	

Signatures

Douglas B. Hansen	11/22/2006
<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) Twenty-five percent of the options vest on January 1, 2003. The remaining seventy-five percent of the options vest in twelve quarterly installments from April 1, 2003 through January 1, 2006.
- (2) Twenty-five percent of the options vest on January 1, 2004. The remaining seventy-five percent of the options vest in twelve quarterly installments from April 1, 2004 through January 1, 2007.
- (3) These options are 100% vested at grant date.

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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