

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 NICHOLAS BRETT D			2. Issuer Name and Ticker or Trading Symbol REDWOOD TRUST INC [RWT]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director _____ 10% Owner _____ <input checked="" type="checkbox"/> Officer (give title below) _____ Other (specify below) _____ Vice President		
(Last) (First) (Middle) 10 RICHMOND ROAD			3. Date of Earliest Transaction (Month/Day/Year) 08/20/2003					
(Street) SAN ANSELMO, CA 94960			4. If Amendment, Date Original Filed (Month/Day/Year)			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		
(City) (State) (Zip)			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	08/20/2003		M		3,000	A	\$ 21.9375	5,185	D	
Common Stock	08/20/2003		S		3,000	D	\$ 41.0043	2,185	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1474 (9-02)

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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
Non-Qualified Stock Option (right to buy)	\$ 21.9375	08/20/2003		M			3,000	05/04/2003 ⁽¹⁾	06/04/2008	Common Stock	3,000	\$ 0	7,750	D	
Incentive Stock Option (right to buy)	\$ 20.25							⁽²⁾	12/23/2007	Common Stock	6,836		6,836	D	
Incentive Stock Option (right to buy)	\$ 24.50							⁽³⁾	12/17/2011	Common Stock	5,268		5,268	D	
Incentive Stock Option (right to buy)	\$ 27.05							⁽⁴⁾	12/19/2012	Common Stock	2,045		2,045	D	
Incentive Stock Option (right to buy)	\$ 29.25							⁽²⁾	10/17/2007	Common Stock	2,991		2,991	D	
Incentive Stock Option (right to buy)	\$ 36.875							⁽⁵⁾	12/13/2006	Common Stock	14,500		14,500	D	
Non-Qualified Stock Option (right to buy)	\$ 11.4375							⁽⁶⁾	12/02/2009	Common Stock	10,000		10,000	D	
Non-Qualified Stock Option (right to buy)	\$ 13.1875							⁽¹⁾	12/17/2008	Common Stock	7,100		7,100	D	

Non-Qualified Stock Option (right to buy)	\$ 20.25							(2)	12/23/2007	Common Stock	1,841		1,841	D
Non-Qualified Stock Option (right to buy)	\$ 24.50							(3)	12/17/2011	Common Stock	9,732		9,732	D
Non-Qualified Stock Option (right to buy)	\$ 27.05							(4)	12/19/2012	Common Stock	22,955		22,955	D
Stock Units in Deferred Compensation Plan	\$ 0							02/27/2003	05/01/2007	Common Stock	2,592.24		2,592.24	D

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NICHOLAS BRETT D 10 RICHMOND ROAD SAN ANSELMO, CA 94960			Vice President	

Signatures

Brett D. Nicholas		08/21/2003
<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 2000, 2001, 2002, and 2003.

(2) The option becomes exercisable in four equal installments on the 4th day of May in 1999, 2000, 2001, and 2002.

(3) 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.

(4) 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.

(5) 2,700 options are exercisable on December 31, 1996. The remaining options become exercisable in ten equal installments of 1,180 on the 4th day of May from 1997 through 2006.

(6) The option becomes exercisable in four equal installments on the 4th day of May in 2001, 2002, 2003, and 2004.

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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