

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 * PICARD LOREN R			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)	3. Date of Earliest Transaction (Month/Day/Year) 11/22/2004			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person ____ Form filed by More than One Reporting Person		
1 BELVEDERE PLACE, SUITE 300			4. If Amendment, Date Original Filed (Month/Day/Year)					
(Street)								
MILL VALLEY, CA 94941								
(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	11/22/2004		M		500	A	\$ 14.50	1,563	D	
Common Stock	11/22/2004		S		500	D	\$ 61.85	1,063	D	
Common Stock	11/22/2004		M		1,000	A	\$ 14.875	2,063	D	
Common Stock	11/22/2004		S		1,000	D	\$ 61.85	1,063	D	
Common Stock	11/22/2004		M		2,000	A	\$ 11.4375	3,063	D	
Common Stock	11/22/2004		S		2,000	D	\$ 61.85	1,063	D	
Common Stock	11/22/2004		M		312	A	\$ 17.625	1,375	D	
Common Stock	11/22/2004		S		312	D	\$ 61.85	1,063	D	
Common Stock	11/22/2004		M		343	A	\$ 24.50	1,406	D	
Common Stock	11/22/2004		S		343	D	\$ 61.85	1,063	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		Date Exercisable	Expiration Date						Title
Incentive Stock Option (right to buy)	\$ 24.50	11/22/2004		M		343	(1)	12/17/2011	Common Stock	343	\$ 0	157	D	
Non-Qualified Stock Option (right to buy)	\$ 11.4375	11/22/2004		M		2,000		05/04/2004 12/02/2009	Common Stock	2,000	\$ 0	0	D	

Non-Qualified Stock Option (right to buy)	\$ 14.50	11/22/2004		M		500	05/04/2003	10/01/2008	Common Stock	500	\$ 0	0	D
Non-Qualified Stock Option (right to buy)	\$ 14.875	11/22/2004		M		1,000	05/04/2003	02/01/2009	Common Stock	1,000	\$ 0	0	D
Non-Qualified Stock Option (right to buy)	\$ 17.625	11/22/2004		M		312	(2)	12/14/2010	Common Stock	312	\$ 0	313	D

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PICARD LOREN R 1 BELVEDERE PLACE SUITE 300 MILL VALLEY, CA 94941			Vice President	

Signatures

Loren R. Picard	11/22/2004
<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, 2002. The remaining seventy-five percent of the options vest in twelve quarterly installments from April 1, 2002 through January 5, 2005.

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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