REDWOOD TRUST INC
Form 4
November 22, 2006

FORM 4

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

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, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(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)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

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	$ 24.5	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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SEC 1474 (9-02)

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 Underly (Instr. 3
								Date Exercisable	Expiration Date	Title
				Code	V	(A)	(D)			
Non-Qualified Stock Option (right to buy)	$ 11.4375	11/20/2006		M			36,750	12/02/1999	12/02/2009	Comm Stoc
Non-Qualified Stock Option	$ 24.5	11/20/2006		M			14,690	12/17/2001 (1)	12/17/2011	Comm Stoc

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

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
**Signature of Reporting Person	Date

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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