

REDWOOD TRUST INC  
Form 4  
December 16, 2016

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Stern Shoshone (Bo)

(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)  
12/14/2016

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_ Director \_\_\_ 10% Owner  
\_X\_ Officer (give title below) \_\_\_ Other (specify below)

Chief Investment Officer

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 Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

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	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Deferred Stock Units (1)	\$ 15.28 (2)	12/14/2016			A		16,361		(3)	(4)	Common Stock	16,361
Performance Stock Units (5)	\$ 13.24 (6)	12/14/2016			A		18,882 (7)		(8)	(9)	Common Stock	18,882

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Stern Shoshone (Bo) 1 BELVEDERE PLACE SUITE 300 MILL VALLEY, CA 94941			Chief Investment Officer	

## Signatures

Shoshone (Bo) 12/15/2016  
Stern

\_\_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) This transaction relates to the grant of Deferred Stock Units.
- (2) Represents grant date fair value of the DSUs issued, based on the fair market value of RWT common stock on the transaction date under the 2014 Incentive Award Plan.
- (3) 25% vests 1/31/2018, 6.25% every quarter thereafter (beginning with the quarter end 3/31/2018). Fully vested 12/13/2020.
- (4) No expiration date is applicable to deferred stock units.

- This transaction relates to the grant of Performance Stock Units ("PSUs"), which are performance-based equity awards. The number of underlying shares of common stock of Redwood Trust, Inc. ("Common Stock") that vest and that the recipient becomes entitled to receive at the time of vesting will generally range from 0% to 200% of a target number of PSUs granted, contingent on the achievement of a pre-established performance metric (with the target number of PSUs granted being adjusted to reflect the value of any dividends on Common Stock declared during the vesting period). Vesting of these PSUs will generally occur at the end of three years (on December 13, 2019) based on total stockholder return over four staggered two-year performance measurement periods and continued employment through December 13, 2019.
- (5) of a pre-established performance metric (with the target number of PSUs granted being adjusted to reflect the value of any dividends on Common Stock declared during the vesting period). Vesting of these PSUs will generally occur at the end of three years (on December 13, 2019) based on total stockholder return over four staggered two-year performance measurement periods and continued employment through December 13, 2019.
  - (6) Represents grant date fair value of the PSUs issued.
  - (7) Represents the target number of PSUs granted.

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- (8) Vested shares, if any, will be delivered to the Participant no later than December 31, 2019.
- (9) No expiration date is applicable to performance stock units.

**Remarks:**

Please refer to Item 5.02(e) of the Current Report on Form 8-K to be filed on December 19, 2016 by Redwood Trust, Inc. for a

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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