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**R E D W O O D
T R U S T**

Redwood Trust Expands Commercial Focus

Scott Chisholm to Lead Commercial Team

MILL VALLEY, Calif., Sept. 21 /PRNewswire-FirstCall/ -- Redwood Trust, Inc. (NYSE: RWT) today announced that Scott Chisholm, formerly a Managing Director at Prudential Mortgage Capital Company, has joined the company as a Managing Director to lead Redwood's commercial mortgage debt investment activities.

"Scott's leadership abilities, experience, relationships, and his seasoned credit perspective in commercial mortgage debt investment will enable Redwood to judiciously expand its commercial business at a time in which there are increasingly attractive investment opportunities," said Brett D. Nicholas, Redwood's Chief Investment Officer and Co-Chief Operating Officer.

Mr. Chisholm has held various positions over the past 20 years in the commercial real estate finance industry at several leading financial institutions. Most recently, at Prudential Mortgage Capital Company, he managed the New York City office and was responsible for commercial loan originations across all of Prudential's capital sources including the life company portfolio, CMBS, Fannie Mae, Freddie Mac, FHA and structured balance sheet loans. Prior to Prudential, Mr. Chisholm was a Director at Deutsche Bank and held similar positions at Lehman Brothers and Chase Manhattan.

"The opportunity at Redwood is exciting," said Mr. Chisholm. "Redwood has established a leadership position in the jumbo residential segment of the market and I look forward to working with the team to build a complimentary commercial platform."

Redwood Trust, Inc. together with its subsidiaries invests in, finances, and manages residential and commercial real estate loans and in asset-backed securities backed by real estate loans. Redwood seeks to invest in assets that have the potential to generate sufficient long-term cash flow returns to support its goal of distributing an attractive level of dividends per share to shareholders over time. For tax purposes, Redwood is structured as a real estate investment trust (REIT). Redwood commenced operations in August 1994. Its executive offices are located in Mill Valley, California and it maintains an office in New York City.

For more information about Redwood Trust, Inc., please visit our website at:
www.redwoodtrust.com

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