

# Audit Committee Charter

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(Amended and Restated November 3, 2021)

## I. Purpose

There shall be a committee of the Board of Directors (the “Board”) of Redwood Trust, Inc. (“Redwood”) to be known as the Audit Committee (the “Committee”). The purpose of the Committee is to assist Redwood’s Board in discharging the Board’s responsibilities regarding, among other things, risk oversight with respect to: corporate accounting; Redwood’s reporting practices; the quality and integrity of Redwood’s financial reports and controls; the external auditors’ qualifications and independence; the performance of the external auditors and internal audit function; and Redwood’s compliance with certain legal and regulatory matters.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with Redwood’s Bylaws.

While the Committee has the responsibilities and powers set forth in this Charter, the Committee’s responsibilities are limited to oversight. It is not the duty of the Committee to plan or conduct audits or establish internal controls or to determine that Redwood’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the auditors.

## II. Composition and Qualifications

The Committee shall consist of three or more directors, as determined by the Board, each of whom (a) satisfies the applicable independence requirements under applicable laws and regulations, Securities and Exchange Commission (“SEC”) rules, and New York Stock Exchange rules, each as may be amended from time to time, (b) does not take part in the management of Redwood and is free of any relationship that, in the opinion of the Board, would interfere with such person’s exercise of independent judgment as a

Committee member, and (c) has experience, in the business judgment of the Board, that would be helpful in addressing matters delegated to the Committee.

In addition, no member of the Committee may simultaneously serve on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of the member to effectively serve on the Committee and this determination is disclosed in accordance with applicable New York Stock Exchange rules.

All members of the Committee shall have a working familiarity with basic finance and accounting practices, be financially literate, and at least one member of the Committee shall have accounting or related financial management expertise. Unless a Chair is designated by the Board, the Committee may designate a Chair by majority vote of all Committee members.

### **III. Committee Member Appointment and Removal**

The members of the Committee shall be appointed by the Board, after review of any recommendations of the Governance and Nominating Committee, and shall serve at the discretion of the Board for such term or terms as the Board may determine and until their qualified successors are appointed. Members of the Committee may be removed by the Board at any time, with or without cause.

### **IV. Duties and Responsibilities**

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best react to changes in conditions, rules, and regulations and to ensure to the directors and shareholders that the corporate accounting, financial reporting, and control practices of Redwood are in accordance in all material respects with all appropriate requirements.

In carrying out the purpose set forth herein, the Committee will, among other things:

1. Provide an open avenue of communication between Redwood's auditors and the Board.
2. Meet with Redwood's external auditors and internal auditors (or the personnel responsible for such function), risk management and regulatory compliance personnel employed by Redwood or any of its affiliates, and

management in separate executive sessions to discuss any matters that the Committee or these persons believe should be discussed privately.

3. Prepare an Audit Committee Report for inclusion in the annual proxy statement that describes, among other things, the Committee's composition and responsibilities and how they were discharged.
4. Retain the external auditors to be engaged (in some cases, subject to non-binding shareholder ratification), review their performance and terminate auditors (if deemed necessary and appropriate). The auditors shall report directly to the Committee.
5. Obtain and review annually a formal written statement from the external auditors describing (i) the audit firm's internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review or peer review of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues, and (iii) all relationships between Redwood and the auditors. Discuss with the auditors any disclosed relationships or services that may impact the auditors' objectivity and independence.
6. Review and either pre-approve or approve, as applicable, the scope, terms, and related fees of all auditing services and permitted non-audit services provided by the auditors.
7. Consider, in consultation with the auditors, the audit scope, and the audit plan of the auditors. Review with the auditors the coordination of all audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all resources.
8. Consider and review with the auditors:
  - a. The adequacy of Redwood's internal controls in providing reasonable assurance regarding the effectiveness and efficiency of operations.
  - b. The reliability of financial reporting and compliance with applicable laws and regulations.

- c. Any related significant findings, difficulties and recommendations of the auditors related to their findings during the audit together with management's responses thereto including, as applicable, critical audit matters proposed to be included in the auditors' annual audit report, any restrictions on the scope of the auditors' activities or access to requested information, and any significant disagreements with management.
    - d. The auditors' response to detecting or becoming aware of any information that would indicate an illegal act, including fraud, has or may have occurred.
- 9. Review with management and auditors at the completion of the annual examination:
  - a. Redwood's annual financial statements and related footnotes.
  - b. The auditors' audit of the financial statements and their report thereon.
  - c. Any significant changes required in the auditors' audit plans.
  - d. Significant findings during the year and management's response thereto.
  - e. The adequacy of the disclosure controls and procedures in all Redwood's filings with the SEC.
  - f. Other matters related to the conduct of the audit which are to be communicated to the Committee under generally accepted auditing standards, including without limitation Auditing Standards No. 61, relating to the conduct of the audit.
- 10. Review and discuss reports from the auditors on:
  - a. All critical accounting policies and practices to be used.
  - b. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative

disclosures and treatments, and the treatments preferred by the auditors.

- c. Other material written communication between the auditor and management, such as any management letter or schedule of unadjusted differences.
11. Review with management and auditors the annual and interim financial reports of Redwood before such reports are filed with the SEC or other regulators, including Redwood's disclosures under "Management's Discussion and Analysis of Financial Conditions and Results of Operations". Review Redwood's earnings releases (and any accompanying publications) prior to publication, including any use of "pro forma" or "adjusted" non-GAAP information therein.
  12. Review annually Redwood's internal audit plan. The plan shall include an assessment of the internal audit requirements, given appropriate consideration to the size and complexity of Redwood. The Committee will engage internal auditors and other personnel for specified internal audit functions, as deemed appropriate.
  13. Review with management and the auditors and report to the Board the effectiveness of Redwood's internal controls including discussing any significant deficiencies in the design or operation of internal controls which could adversely affect Redwood's ability to record, process, summarize, and report financial or other data, and identifying any material weaknesses in internal controls along with the steps planned to make necessary improvements. Review disclosures made to the Committee by Redwood's CEO and CFO during their certification process for SEC filings.
  14. Discuss with management and the auditors any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding Redwood's financial statements or accounting policies.
  15. Inquire of management and the auditors about significant risks or exposures with respect to corporate accounting, reporting practices of Redwood, the quality and integrity of the financial reports and controls of Redwood, regulatory and accounting initiatives as well as off-balance sheet structures (if any) on Redwood's financial statements, and assess

the steps management has taken to minimize such risks to Redwood and steps taken to disclose such information to the public. Discuss with management Redwood's policies with respect to risk assessment and risk management, including identification of Redwood's major financial and operational risk exposures and the steps management has taken to monitor and control those exposures.

16. Review and evaluate the lead partner of the external auditor team. Ensure the rotation of the lead partner as required by law and regulation.
17. Pre-approve Redwood's hiring of employees or former employees of the auditors who have previously participated in any capacity in the audit or other services provided to Redwood.
18. Discuss with Redwood's corporate counsel legal matters that may have a material impact on Redwood's financial statements or Redwood's compliance policies.
19. In its sole discretion, conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and independently retain counsel, accountants, or others to assist in the conduct of any investigation or for any other reason deemed necessary and appropriate. Redwood shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such persons retained by the Committee.
20. Work with the Governance and Nominating Committee to establish and implement procedures for the receipt, retention, and treatment of, and the appropriate response to, complaints and concerns regarding (a) potential violations of Redwood's Code of Ethics and (b) accounting, internal controls, auditing, and regulatory matters. Those procedures will include procedures for the confidential, anonymous submission of complaints by Redwood employees to the Chair of the Board or such other person designated by the Board.
21. Meet as often as it determines, but not less frequently than quarterly. The Committee may ask members of management or others to attend any meeting and provide pertinent information as necessary. Meetings can be in person or by telephone or videoconference.

22. As it determines appropriate, consider in the course of its work such environmental, social, and governance matters as may arise, and make recommendations to the Board and/or appropriate committee(s) regarding such matters.
23. Report to the Board on the major items covered at each Committee meeting, as well as Committee actions with recommendations as may be deemed appropriate.
24. Conduct an annual self-evaluation of the Committee's performance.
25. Periodically review and assess this Charter and submit any recommended changes to the Board for its consideration.
26. The Committee will perform such other functions as assigned by law and regulations, the SEC's or New York Stock Exchange's rules and regulations, Redwood's charter or bylaws, or the Board.

#### **V. Committee Meetings**

The Committee shall meet periodically as necessary to act upon any matter within its authority. The Committee shall conduct its business in accordance with the Company's Bylaws. Minutes shall be kept of each meeting of the Committee.

#### **VI. Organization and Procedures**

The Chair (or in the Chair's absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as such rules and procedures are not inconsistent with any provisions of Redwood's Bylaws that are applicable to the Committee.

The Committee shall have full access to Redwood's management as it deems necessary to carry out its responsibilities. The Committee may, at its discretion, include in its meetings members of Redwood's management, or any person whose presence the Committee believes to be desirable or appropriate. Directors that are not members of the Committee may attend and observe meetings of the Committee but shall not be entitled to vote on matters before the Committee.

## **VII. Delegation of Duties**

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, to the extent consistent with Redwood's Articles of Incorporation, Bylaws, Corporate Governance Standards and applicable law and stock exchange rules.

The Committee shall, in its sole discretion, have the power to retain and/or replace, as needed, any independent counsel and other outside experts or advisors that the Committee believes to be necessary or appropriate, and shall be directly responsible for appointing, compensating, and providing oversight of the work of such outside service providers. The Committee may also utilize the services of Redwood's regular legal counsel or other advisors to Redwood. Redwood shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any such persons retained by the Committee.

## **VIII. Disclosure of Charter**

This charter will be made available on Redwood Trust's website at [www.redwoodtrust.com](http://www.redwoodtrust.com).