

Governance and Nominating Committee Charter



(Revised May 16, 2013)

Purpose

The purpose of the Governance and Nominating Committee (Committee) is to assist the Board of Directors (Board) of Redwood Trust, Inc. (Redwood) in discharging the Board's responsibilities regarding:

- (a) the identification of individuals qualified to become Board members;
- (b) the selection of nominees for election as directors at the next annual meeting of stockholders;
- (c) the selection of candidates to fill any vacancies on the Board;
- (d) the development and recommendation to the Board of a set of governance guidelines and principles applicable to Redwood;
- (e) the receipt, retention, and treatment of reported concerns relating to potential violations of Redwood's Code of Ethics;
- (f) oversight of the evaluation of the Board; and
- (g) oversight of succession planning for management positions.

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.

Composition of the Committee

The Committee shall consist of three or more directors, as determined by the Board, each of whom (a) satisfies the independence requirements of the New York Stock Exchange, and (b) has experience, in the business judgment of the Board, that would be helpful in addressing matters delegated to the Committee.

Committee Members Appointment and Removal

The members of the Committee shall be appointed by the Board, based upon the 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.

Organization and Procedures

The Chair (or in his or her 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 they 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. All non-management directors that are not members of the Committee may attend and observe meetings of the Committee, but shall not be entitled to vote.

The Committee shall have the sole authority, as it deems appropriate, 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. 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. The Committee shall have sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve such firm's fees and other retention terms.

Responsibilities and Duties

In carrying out the purpose set forth herein, the Committee shall:

- (1) In consultation with the (i) Chief Executive Officer and (ii) the President, identify and review candidates for the Board and recommend to the full Board candidates for election to the Board.
- (2) At least annually, evaluate Board performance and review the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board.

- (3) Review and oversee any orientation programs for newly elected members of the Board and continuing director education programs and assist the Board in implementing any such programs.
- (4) Review and make recommendations to the Board for appointments of Board committee members and chairpersons of the committees.
- (5) In conjunction with the Compensation Committee, develop a compensation plan for Directors for adoption by the Board and periodically review and recommend modifications to the plan as appropriate.
- (6) Develop and periodically review a succession plan to ensure continuity in Redwood's management.
- (7) Propose a statement of corporate governance standards for adoption by the Board and periodically review and recommend modifications to the standards as appropriate.
- (8) Make recommendations to the Board regarding governance matters, including, but not limited to, Redwood's Articles of Incorporation, Bylaws, this Charter, the charters of Redwood's other committees, and the appropriate size of the full Board.
- (9) Unless the Board has established an alternative committee to do so, the Committee shall deliberate and take such actions as shall be necessary or appropriate with respect to incumbent directors who fail to receive the required vote for re-election, including requesting that any such director submit his or her offer of resignation to the Board, deliberating and making a recommendation to the Board as to whether to accept or not accept any such director's offer of resignation, and such other actions as may be contemplated by Redwood's Corporate Governance Standards and the Board Policy Regarding Majority Voting with respect to such matters.
- (10) Work with the Audit 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 Chairman of the Board or such other person designated by the Audit Committee. The Chairman of the Board shall, and any other person so designated by the Audit Committee shall agree to, promptly report to the Audit Committee all reported complaints and concerns that involve accounting, internal accounting controls, or auditing matters.

- (11) Perform any other activities consistent with this Charter, Redwood's Bylaws, and governing law, as the Committee or Board deems necessary or appropriate.
- (12) In conjunction with the Audit Committee (with respect to rules applicable to the Audit Committee) and the Compensation Committee (with respect to rules applicable to the Compensation Committee), review and advise the Board regarding interpretations of the New York Stock Exchange rules.
- (13) Report to the Board on the major items covered at each Committee meeting.
- (14) Conduct an annual self-evaluation of the Committee's performance.

Committee Meetings

The Committee shall meet periodically as necessary to act upon any matter within its jurisdiction. A majority of the total number of members of the committee shall constitute a quorum at all Committee meetings. A majority of the members of the Committee is empowered to act on behalf of the Committee. Minutes shall be kept of each meeting of the Committee.

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.