CLAYTON HOLDINGS INC

Form 4

December 27, 2007

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

Number: STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

3235-0287

Expires:

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See Instruction

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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

SECURITIES

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *

Cohen Steven L

2. Issuer Name and Ticker or Trading

Symbol

CLAYTON HOLDINGS INC

[CLAY]

(Last) (First) (Middle) 3. Date of Earliest Transaction

(Month/Day/Year) 12/21/2007

Director 10% Owner Other (specify

5. Relationship of Reporting Person(s) to

(Check all applicable)

X_ Officer (give title below) Senior V.P., General Counsel

CLAYTON HOLDINGS, INC., 2 **CORPORATE DRIVE**

> (Street) 4. If Amendment, Date Original

> > Filed(Month/Day/Year)

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

Issuer

SHELTON, CT 06484

(Instr. 3)

(City) (State) 2. Transaction Date 2A. Deemed 1. Title of Security

(Month/Day/Year) Execution Date, if

(Month/Day/Year)

(Zip)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of 6. Ownership Securities Form: Direct Beneficially (D) or Indirect Beneficial Owned (Instr. 4) Following

Reported Transaction(s) (Instr. 3 and 4)

Code V Amount (D) Price

(A)

or

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of 3. Transaction Date 3A. Deemed Derivative (Month/Day/Year) Execution Date, if Conversion

5. Number of TransactionDerivative

6. Date Exercisable and **Expiration Date**

7. Title and Amount of **Underlying Securities**

7. Nature of

Ownership

(Instr. 4)

Indirect

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Security (Instr. 3)	or Exercise Price of Derivative Security		any (Month/Day/Year)	Code (Instr. 8)	Securities Acquired (A) of Disposed of (D) (Instr. 3, 4, and 5))	/Year)	(Instr. 3 and	4)
				Code V	(A) (D	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Restricted Stock Award (1)	<u>(2)</u>	12/21/2007		A	145,276	(3)(4)	(3)(4)	Common Stock	145,276

Reporting Owners

Reporting Owner Name / Address	Keiationsnips					
	Director	10% Owner	Officer	Other		
Cohen Steven L			Canian V D			
CLAYTON HOLDINGS, INC.			Senior V.P.,			
2 CORPORATE DRIVE			General			
CHEL TON CT 06404			Counsel			

Signatures

SHELTON, CT 06484

/s/ Frederick C. Herbst, Attorney-in-Fact

**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) Restricted stock unit award to be settled in cash, stock, or a combination thereof.
- (2) Each restricted stock unit is the economic equivalent of one share of common stock, an amount of cash based on the closing price of a share of common stock, or an amount of cash equal to the per share value of consideration paid in a sale event.
- The restricted stock units will not be settled in stock until the number of shares of common stock available under the issuer's 2006 Stock Option and Incentive Plan is increased by the issuer's stockholders at the 2008 annual meeting of stockholders. The restricted stock units will vest at the rate of 25 percent on each of June 15, 2008, December 15, 2008, June 15, 2009 and December 15, 2009, and will be settled in cash, stock, or a combination thereof on each vesting date.
 - If a sale event occurs prior to stockholder approval, the entire award will be settled in cash. If the award is not approved by stockholders, the award will be settled in cash or a combination of cash and stock according to the foregoing vesting schedule. If the award is not
- (4) approved by stockholders, and a sale event occurs prior to the final vesting date, then the award will be fully vested and settled in cash. If, prior to the settlement of restricted stock units, the reporting person's employment is teminated by the issuer for any reason other than for cause or by the reporting person for good reason, then the award will be settled in cash with respect to the next two vesting dates.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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