

Tyler A Mark
Form 4
August 03, 2007

FORM 4

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

OMB APPROVAL

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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 *
Tyler A Mark

(Last) (First) (Middle)
1117 MILITARY CUTOFF ROAD
(Street)

WILMINGTON, NC 28405

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Cape Fear Bank CORP [CAPE]

3. Date of Earliest Transaction
(Month/Day/Year)
06/29/2007

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Business Banking Manager

6. Individual or Joint/Group Filing(Check Applicable Line)
 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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D) Code V Amount (D) Price			
Common Stock					7 ⁽²⁾	I	As custodian for Jackson Tyler
Common Stock					2,442 ⁽²⁾ ⁽³⁾	I	By 401 (k)

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

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Derivative Securities (Instr. 3 and 4)	
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
2002 Employee Grant (Right to Buy)	\$ 3.78 ⁽²⁾					02/21/2003	02/21/2012	Common Stock	1,033
2005 Employee Grant (Right to Buy)	\$ 9.76 ⁽²⁾					⁽¹⁾	07/22/2015	Common Stock	4,134

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Tyler A Mark 1117 MILITARY CUTOFF ROAD WILMINGTON, NC 28405			Business Banking Manager	

Signatures

A. Mark Tyler, By: William R. Lathan, Jr., Attorney-in-Fact 07/31/2007

**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 option vests in three equal annual installments beginning July 22, 2006.
- (2) As adjusted to reflect the effect of a 5% stock dividend which became effective June 29, 2007. As a result of the stock dividend, the reporting person received an aggregate of 1 additional share which is included in the common stock shares reported as held indirectly. At the same time, and in accordance with antidilution provisions of the Issuer's stock option plans, the reporting person's stock options

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became exercisable for 216 additional shares, and the exercise prices were similarly adjusted.

- (3) The number of shares is based on the reporting person's 401 (k) plan statement as of June 30, 2007, and includes shares acquired under the plan between December 21, 2006, and June 30, 2007, as well additional shares credited to the plan account as a result of the 5% stock dividend which became effective on June 29, 2007.

Remarks:

This report is being furnished solely to show the effect of the stock dividend and does not represent a transaction by the reporting person.

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.