

HERBST FREDERICK C  
Form 3  
March 23, 2006

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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 *			2. Date of Event Requiring Statement		3. Issuer Name <b>and</b> Ticker or Trading Symbol	
Â HERBST FREDERICK C			(Month/Day/Year)		CLAYTON HOLDINGS INC [CLAY]	
(Last)	(First)	(Middle)	03/23/2006		4. Relationship of Reporting Person(s) to Issuer	
CLAYTON HOLDINGS, INC., Â 2 CORPORATE DRIVE					5. If Amendment, Date Original Filed(Month/Day/Year)	
(Street)					(Check all applicable)	
SHELTON, Â CT Â 06484					<input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other (give title below)    (specify below) Chief Financial Officer	
(City)	(State)	(Zip)			6. Individual or Joint/Group Filing(Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person	

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable    Expiration Date	Title    Amount or Number of Shares			

(Instr. 5)

Stock Option (Right to Buy)      (1)      09/28/2015      Common Stock      50,000      \$ 6.8      D      (1)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HERBST FREDERICK C CLAYTON HOLDINGS, INC. 2 CORPORATE DRIVE SHELTON, CT 06484	(1)	(1)	(1) Chief Financial Officer	(1)

## Signatures

/s/ Steven L. Cohen,      03/23/2006  
Attorney-in-Fact

\*\*Signature of Reporting Person      Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 5(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).
- The reporting person was granted these options on September 28, 2005. 25% of these options will vest on September 28, 2006 and the remainder will vest in 36 equal monthly installments beginning on September 30, 2006. If the issuer's initial public offering closes on or prior to March 31, 2006, the vesting described above will accelerate by 12 months.

(1)

### Remarks:

Exhibit 24 - Power of Attorney

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.