

Sellers Jerry D  
 Form 4  
 September 10, 2007

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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 \*  
 Sellers Jerry D

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

1117 MILITARY CUTOFF ROAD

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

Director  10% Owner  
 Officer (give title below)  Other (specify below)

(Street)

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

6. Individual or Joint/Group Filing (Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

WILMINGTON, NC 28405

(City) (State) (Zip)

**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)
Common Stock				(A) or (D) Price	4,360 (1) (2)	D	

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

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SEC 1474 (9-02)

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

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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. Price or Value of Underlying Securities (Instr. 3 and 4)
Director Stock Option Grant (Right to Buy)	\$ 9.76 <sup>(1)</sup>					01/22/2006 07/22/2015	Common Stock	6,890

**Reporting Owners**

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Sellers Jerry D 1117 MILITARY CUTOFF ROAD WILMINGTON, NC 28405	X			

**Signatures**

Jerry D. Sellers, By: William R. Lathan, Jr.,  
 Attorney-in-Fact 09/10/2007

\_\_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) 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 208 additional shares which are included in the common stock shares reported as held directly. At the same time, and in accordance with antidilution provisions of the Issuer's Director Stock Option Plan, the reporting person's stock options became exercisable for 328 additional shares, and the exercise price was similarly adjusted.
- (2) Due to a reporting error, the beneficial ownership previously reported for this reporting person reflected 8 shares more than was actually owned. The correct amount of common stock, after the stock split should be 4,360 shares as indicated in column 5 of this report.

**Remarks:**

This report is being furnished solely to show the effect of the stock dividends 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.

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