Faulkner Larry R Form 4 August 28, 2008

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,

See Instruction 1(b).

Check this box

if no longer

subject to

Section 16.

Form 4 or

Form 5

obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading

Faulkner Larry R Issuer Symbol

Guaranty Financial Group Inc. (Check all applicable) [GFG]

(Last) (First) (Middle) 3. Date of Earliest Transaction X_ Director 10% Owner Officer (give title Other (specify (Month/Day/Year) below)

8333 DOUGLAS AVENUE 08/26/2008

(Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check

> Filed(Month/Day/Year) Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

DALLAS, TX 75225 Person

(City) (State) (Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of 2. Transaction Date 2A. Deemed 4. Securities 5. Amount of 6. Ownership 7. Nature of 3. Security (Month/Day/Year) Execution Date, if TransactionAcquired (A) or Securities Form: Direct Indirect (Instr. 3) Code Beneficially Beneficial Disposed of (D) (D) or (Month/Day/Year) (Instr. 3, 4 and 5) Owned Ownership (Instr. 8) Indirect (I) Following (Instr. 4) (Instr. 4)

> Reported (A) Transaction(s) or

(Instr. 3 and 4) Code V Amount (D) Price

Common 14,488 (1) (2) D Stock

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)

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3235-0287

January 31,

2005

0.5

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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. Transacti Code (Instr. 8)	5. Number on 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)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option (right to buy) (3) (4)	\$ 14.15					08/05/2005	08/05/2015	Common Stock	6,666
Phantom Stock (4) (5)	<u>(5)</u>					<u>(5)</u>	<u>(5)</u>	Common Stock	5,991
Restricted Stock Units (6)	<u>(6)</u>	08/26/2008	08/26/2008	A	8,797	<u>(6)</u>	<u>(6)</u>	Common Stock	8,797

Reporting Owners

Reporting Owner Name / Address	Relationships						
	Director	10% Owner	Officer	Other			
Faulkner Larry R							
8333 DOUGLAS AVENUE	X						

8333 DOUGLAS AV DALLAS, TX 75225

Signatures

Scott A. Almy signed on behalf of Larry R.
Faulkner

08/28/2008

**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) 66 shares of common stock held in an IRA Account.
- (2) In accordance with the Rights Agreement adopted by the Company on December 11, 2007, Preferred Stock Purchase Rights are deemed to be attached to the shares of Common Stock.
- Options Vesting Schedule exercise price \$14.15: Options Exerciserable 08/05/2006 2,666; Options Exerciserable 08/05/2007 2,667 Options Exerciserable 08/05/2008 1,333.
- (4) Shares acquired in a pro rata distribution by Temple-Inland Inc. through a spin-off on or around December 28, 2007.
- (5) Phantom shares accrued under a Temple-Inland Inc. Director Fee Deferral Plan, which includes a dividend reinvestment feature, to be settled upon Reporting Person's retirement.

Reporting Owners 2

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Restricted Stock Units ("RSU") accrued under a Guaranty Financial Group Inc. plan, which includes a dividend reinvestment feature, and are vested on the date of grant. Each RSU is the economic equivalent of one share of common stock and is payable in stock upon Reporting Person's retirement or termination of service as a director. Effective August 26, 2008, the Board of Directors approved settlement of RSUs from stock to cash upon retirement.

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.