

HouseValues, Inc.  
Form 4  
July 31, 2006

**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 \*  
William Blair Capital Management VII, LLC

(Last) (First) (Middle)

303 W. MADISON, SUITE 2500

(Street)

CHICAGO, IL 60606

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
HouseValues, Inc. [SOLD]

3. Date of Earliest Transaction (Month/Day/Year)  
07/28/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_\_\_ Form filed by One Reporting Person  
\_X\_ 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 Indirect Beneficial Ownership (Instr. 4)		
			Code	V	Amount	(A) or (D)	Price		
Common Stock	07/28/2006	07/28/2006	J <sup>(1)</sup>		5,023,971	D	\$ 0 502,697	I	By Ltd Partnership, See Footnote <sup>(2)</sup> <sub>(3)</sub>
Common Stock	07/28/2006	07/28/2006	J <sup>(1)</sup>		502,697	A	\$ 0 502,697	I	By Ltd Partnership, See Footnote <sup>(3)</sup> <sub>(4)</sub>
Common Stock	07/28/2006	07/28/2006	J <sup>(1)</sup>		502,697	D	\$ 0 624	I	By Ltd Partnership,

See  
Footnote (3)  
(4)

Common Stock    07/28/2006    07/28/2006    J<sup>(1)</sup>    624    A    \$ 0    624    D

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

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(9-02)

**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. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

### Reporting Owner Name / Address

### Relationships

Director    10% Owner    Officer    Other

William Blair Capital Management VII, LLC  
303 W. MADISON, SUITE 2500  
CHICAGO, IL 60606

X

William Blair Capital Management VII, LP  
303 W. MADISON, SUITE 2500  
CHICAGO, IL 60606

X

BLAIR WILLIAM CAPITAL PARTNERS VII QP LP  
303 W. MADISON, SUITE 2500  
CHICAGO, IL 60606

X

BLAIR WILLIAM CAPITAL PARTNERS VII LP  
303 W. MADISON, SUITE 2500  
CHICAGO, IL 60606

X

## Signatures

Robert Blank, Managing Director of William Blair Capital Management VII, L.L.C.	07/31/2006
__Signature of Reporting Person	Date
Robert Blank, Managing Director of William Blair Capital Management VII, L.L.C., the general partner of William Blair Capital Management VII, L.P.	04/03/2006
__Signature of Reporting Person	Date
Robert Blank, Managing Director of William Blair Capital Management VII, L.L.C., the general partner of William Blair Capital Management VII, L.P., the general partner of William Blair Capital Partners VII, QP, L.P.	04/03/2006
__Signature of Reporting Person	Date
Robert Blank, Managing Director of William Blair Capital Management VII, L.L.C., the general partner of William Blair Capital Management VII, L.P., the general partner of William Blair Capital Partners VII, L.P.	04/03/2006
__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) Effective July 28, 2006, William Blair Capital Partners VII QP, L.P. distributed to its partners an aggregate 4,837,532 shares of the Common Stock of the Issuer, and William Blair Capital Partners VII, L.P. distributed to its partners an aggregate 186,439 shares of the Common Stock of the Issuer, in each case for no additional consideration. Of such amounts, 495,214 shares were distributed by William Blair Capital Partners VII QP, L.P. to its general partner, William Blair Capital Management VII, L.P., and 7,483 shares were distributed by William Blair Capital Partners VII, L.P. to its general partner, William Blair Capital Management VII, L.P. Effective July 28, 2006, the 502,697 shares of the Issuer received by William Blair Capital Management VII, L.P. were distributed to its partners for no additional consideration. Of such amount, 624 shares were received by William Blair Capital Management VII, L.L.C. from William Blair Capital Management VII, L.P.

(2) The amounts shown in the first line of Table I represent the beneficial ownership of the Issuer's equity securities by William Blair Capital Partners VII QP, L.P. and William Blair Capital Partners VII, L.P., a portion of which may be deemed attributable to William Blair Capital Management VII, L.L.C. and William Blair Capital Management VII, L.P., because William Blair Capital Management VII, L.P. is the general partner of William Blair Capital Partners VII QP, L.P. and William Blair Capital Partners VII, L.P. and William Blair Capital Management VII, L.L.C. is the general partner of William Blair Capital Management VII, L.P.

(3) The Designated Filer is executing this report on behalf of William Blair Capital Management VII, L.L.C., William Blair Capital Management VII, L.P., William Blair Capital Partners VII QP, L.P. and William Blair Capital Partners VII, L.P. (collectively, the 'Reporting Persons'), each of whom has authorized it to do so. Each of the Reporting Persons disclaims beneficial ownership of the reported securities, except to the extent of their pecuniary interest.

(4) The amounts shown in the second and third line of Table I represent the beneficial ownership of the Issuer's equity securities by William Blair Capital Management VII, L.P., a portion of which may be deemed attributable to William Blair Capital Management VII, L.L.C., because William Blair Capital Management VII, L.L.C. is the general partner of William Blair Capital Management VII, L.P.

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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