COSTAR GROUP INC

Check this box

if no longer

subject to

Form 4 October 01, 2012

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

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response...

Section 16. Form 4 or Form 5 obligations may continue.

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

1(b).

(Print or Type Responses)

See Instruction

1. Name and Address of Reporting Person * KLEIN MICHAEL R

(Street)

(State)

2. Issuer Name and Ticker or Trading Symbol

COSTAR GROUP INC [CSGP]

5. Relationship of Reporting Person(s) to

Issuer

(Last)

(City)

(First) (Middle) 3. Date of Earliest Transaction

(Month/Day/Year)

09/27/2012

(Check all applicable)

C/O COSTAR GROUP, INC., 1331 L STREET, NW

4. If Amendment, Date Original

Filed(Month/Day/Year)

Officer (give title Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

X_ Director

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

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

WASHINGTON, DC 20005

1.Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3) (Month/Day/Year)

4. Securities 3. TransactionAcquired (A) or Code Disposed of (D) (Instr. 8) (Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned Following Reported Transaction(s)

6. Ownership 7. Nature of Form: Direct Indirect (D) or Beneficial Indirect (I) Ownership (Instr. 4) (Instr. 4)

10% Owner

Common

Stock, par value \$0.01

per share

09/27/2012

(Zip)

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

(A)

or

D

1.054 \$0 322,444 (1)

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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| Derivative | Deriv |
|------------|--------|
| Security | Secu |
| (Instr. 5) | Bene |
| | Own |
| | Follo |
| | Repo |
| | Trans |
| | (Instr |
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Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| KLEIN MICHAEL R C/O COSTAR GROUP, INC. 1331 L STREET, NW WASHINGTON, DC 20005 | X | | | |

Signatures

/s/ Jonathan Coleman, Attorney-in-Fact

10/01/2012

**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) Represents all shares of Common Stock owned, consisting of 318,782 shares of Common Stock and 3,662 shares of Common Stock subject to unvested Restricted Stock Grants.

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.

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