

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
|--|-----------|
| OMB Number: | 3235-0287 |
| Estimated average burden hours per response: | 0.5 |

| | | | | | | | | | |
|---|-----------|--------------|---|--|--|--|--|--|--|
| 1. Name and Address of Reporting Person* <u>PAYNE MELVIN C</u> | | | 2. Issuer Name and Ticker or Trading Symbol <u>CARRIAGE SERVICES INC [CSV]</u> | | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) CEO | | | |
| (Last) | (First) | (Middle) | 3. Date of Earliest Transaction (Month/Day/Year) <u>06/08/2016</u> | | | | | | |
| 3040 POST OAK BLVD SUITE 300 | | | 4. If Amendment, Date of Original Filed (Month/Day/Year) | | | 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person | | | |
| (Street) | (City) | (State) | (Zip) | | | | | | |
| <u>HOUSTON</u> | <u>TX</u> | <u>77056</u> | | | | | | | |

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 | 06/08/2016 | | G ⁽¹⁾ | | 25,000 | D | \$0 | 1,276,599 | D | |
| Common Stock | 06/08/2016 | | J ⁽²⁾ | | 25,000 | D | \$0 | 1,251,599 | D | |
| Common Stock | 06/08/2016 | | G ⁽¹⁾ | | 25,000 | A | \$0 | 28,518 | I | Spouse |
| Common Stock | 06/08/2016 | | J ⁽³⁾ | | 25,000 | D | \$0 | 3,518 | I | Spouse |
| Common Stock | | | | | | | | 25,000 ⁽²⁾ | I | Melvin C. Payne, Jr. 2016 Annuity Trust |
| Common Stock | | | | | | | | 25,000 ⁽³⁾ | I | Karen P. Payne 2016 Annuity Trust |
| Common Stock | | | | | | | | 80,000 | I | daughter in same household |

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 Securities Underlying Derivative Security (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|----------------------------|--|--|---|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Stock Options | \$20.06 | | | | | | | (4) | 02/23/2026 | Common Stock | 58,500 | | 58,500 | D | |
| Performance Award | (5) | | | | | | | (5) | 12/31/2020 | Common Stock | 17,900 | | 17,900 | D | |
| Stock Options | \$22.58 | | | | | | | (6) | 02/24/2022 | Common Stock | 100,000 | | 100,000 | D | |
| Stock Options | \$20.49 | | | | | | | (7) | 03/03/2019 | Common Stock | 100,000 | | 100,000 | D | |
| Stock Options | \$16.73 | | | | | | | (8) | 05/22/2018 | Common Stock | 100,000 | | 100,000 | D | |
| Stock Options | \$5.7 | | | | | | | (9) | 02/28/2021 | Common Stock | 3,284 | | 3,284 | D | |

Explanation of Responses:

1. This transaction involved a gift of securities by the reporting person to his spouse. The reporting person disclaims beneficial ownership of the shares held by his spouse, and this report should not be deemed an admission that the reporting person is the beneficial owner of his spouse's shares for purposes of Section 16 or for any other purpose.

2. On June 8, 2016, the reporting person contributed the 25,000 shares to the Melvin C. Payne, Jr. 2016 Annuity Trust, a grantor retained annuity trust.
3. In connection with the gift of securities by the reporting person to his spouse on June 8, 2016, the reporting person's spouse immediately contributed the 25,000 shares to the Karen P. Payne 2016 Annuity Trust, a grantor retained annuity trust, on June 8, 2016.
4. Stock Options granted pursuant to the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan which will vest 1/5 each year on 2/23/2017, 2/23/2018, 2/23/2019, 2/23/2020 and 2/23/2021. These stock options expire on 2/23/2026.
5. Represents performance-based awards, payable in shares, granted under the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan. The award will vest (if at all) on December 31, 2020 provided that certain criteria surrounding Adjusted Consolidated EBITDA (Adjusted Earnings Before Interest Tax Depreciation and Amortization) and Relative Shareholder Return performance is achieved and the Reporting Person has remained continuously employed by Carriage through such date. The Relative Shareholder Return performance represents 75% of the award and the Adjusted Consolidated EBITDA performance represents 25% of the award.
6. Stock Options granted pursuant to the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan which vested 1/3 on 2/24/2016, 1/3 will vest on 2/24/2017 and 1/3 on 2/24/2018. These stock options expire on 2/24/2022.
7. Stock Options granted pursuant to the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan which vested 1/3 on 3/3/2015, 1/3 on 3/3/2016 and 1/3 will vest on 3/3/2017. These stock options expire on 3/3/2019.
8. Stock Options grant pursuant to the Carriage Services, Inc. Amended and Restated 2006 Long-Term Incentive Plan which vested 1/3 on 05/22/2014, 1/3 on 05/22/2015 and 1/3 on 05/22/2016. These stock options expire on 05/22/2018.
9. Stock Options grant pursuant to the Carriage Services, Inc. Amended and Restated 2006 Long-Term Incentive Plan of 44,702 options granted on 02/28/2011, of which 14,900 options vested on 02/28/2012 and 3,283 were exercised on 12/20/2012, 14,901 options vested on 2/28/2013 and 14,000 were exercised on 11/06/2015 and 24,135 options were exercised on 3/29/16. These stock options expire on 02/28/2021.

Remarks:

/s/ Melvin C. Payne

06/09/2016

** Signature of Reporting Person

Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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 Number.