

STANLEY HEIDI B
Form 4
February 15, 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 *
STANLEY HEIDI B

2. Issuer Name and Ticker or Trading Symbol
STERLING FINANCIAL CORP
/WA/ [STSA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
111 N. WALL STREET
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/15/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Executive Vice President Sterl

SPOKANE, WA 99201
(City) (State) (Zip)

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

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 | 02/15/2007 | 02/15/2007 | X/K | 5,476 A \$ 6.4467 | 64,168 | D | |
| Common Stock | 02/15/2007 | 02/15/2007 | X/K | 523 A \$ 6.6933 | 64,691 | D | |
| Common Stock | 02/15/2007 | 02/15/2007 | X/K | 1,132 A \$ 8.3867 | 65,823 | D | |
| Common Stock | | | | | 14,167 | I | 401(k) Plan |
| Common Stock | | | | | 5,952 | I | Spouse |

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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. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option | \$ 6.6933 | 02/15/2007 | 02/15/2007 | X/K | 600 | 07/25/2000 02/28/2007 | Common Stock | 523 |
| Stock Option | \$ 9.8267 | 02/15/2007 | 02/15/2007 | X/K | 6,750 | 12/16/1998 02/28/2007 | Common Stock | 6,750 |
| Stock Option | \$ 12.7867 | 02/15/2007 | 02/15/2007 | X/K | 1,500 | 12/16/1997 02/28/2007 | Common Stock | 1,132 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|--------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| STANLEY HEIDI B 111 N. WALL STREET SPOKANE, WA 99201 | | | Executive Vice President | Sterl |

Signatures

Daniel G. Byrne 02/15/2007

**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).

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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