LARRABEE ROBERT

Form 4

August 30, 2010

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB

3235-0287 Number:

OMB APPROVAL

January 31, Expires: 2005

0.5

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if no longer subject to Section 16. Form 4 or Form 5 obligations

may continue.

See Instruction

Check this box

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)

1. Name and Ad LARRABEE	Symbol	2. Issuer Name and Ticker or Trading Symbol				5. Relationship of Reporting Person(s) to Issuer			
		STERLING FINANCIAL CORP /WA/ [STSA]				(Check all applicable)			
(Last)	(First) (M	,	of Earliest Tr Day/Year)	Earliest Transaction ay/Year)			X Director Officer (gives) below)		6 Owner er (specify
111 N. WAL	08/26/	08/26/2010				below)	below)		
			4. If Amendment, Date Original Filed(Month/Day/Year)				6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person		
SPOKANE, WA 99201							Form filed by More than One Reporting Person		
(City) (State) (Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned									
1.Title of	2. Transaction Date		3.	4. Securi			5. Amount of	6. Ownership	7. Nature of
Security	(Month/Day/Year)	Execution Date, i	* ` ′				Indirect Beneficial		
(Instr. 3)		any (Month/Day/Year	Code (Instr. 8)	. r		Owned Indirect (I) Owners			
		(Ivionali Buji i cu	, (msu. 0)	(instr. 5, 1 and 5)			Following	(Instr. 4)	(Instr. 4)
					(A) or		Reported Transaction(s)		
			Code V	Amount	(D)	Price	(Instr. 3 and 4)		
Common Stock	08/26/2010		D(1)	1,250	D	\$0	27,009	D	

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

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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	2.	3. Transaction Date		4.	5.	6. Date Exerc		7. Titl		8. Price of	9. Nu
Derivative Security (Instr. 3)	Conversion or Exercise Price of Derivative Security	(Month/Day/Year)	Execution Date, if any (Month/Day/Year)	Transact Code (Instr. 8)	orNumber of Derivativ Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	:		Amou Under Securi (Instr.	lying	Derivative Security (Instr. 5)	Deriv Secur Bene Own Follo Repo Trans (Instr
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships						
Reporting Owner Name / Address	Director	10% Owner	Officer	Other			
LARRABEE ROBERT 111 N. WALL STREET SPOKANE, WA 99201	X						

Signatures

/s/ Daniel G. Byrne, Chief Financial
Officer
08/30/2010

**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) Mr. Larrabee's retirement from Sterling's Board of Directors effective August 26, 2010, has resulted in the forfeiture of 1,250 unvested shares of previously granted restricted stock awards.

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.

Reporting Owners 2