BANNER CORP Form 4 July 05, 2006

FORM 4

OMB APPROVAL

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

OMB Number: 3235-0287

Check this box if no longer subject to Section 16. Form 4 or

Expires: January 31, 2005

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Estimated average burden hours per response... 0.5

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

See Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person **
FOLZ PAUL E

2. Issuer Name **and** Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol

BANNER CORP [BANR]

(Check all applicable)

(Last) (First) (Middle)

Date of Earliest Transaction (Month/Day/Year)

(Month/Day/Year

____ Director ____ 10% Owner __X_ Officer (give title ____ Other (specify below)

07/01/2006

below)
Executive VP, Banner Bank

6. Individual or Joint/Group Filing(Check

(Street) 4. If Amendment, Date Original

(Month/Day/Year)

y/Year) Applicable Line)

Filed(Month/Day/Year)

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

Person

WALLA WALLA, WA 99362

10 SOUTH FIRST AVE

(City) (State) (Zip)

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

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

3. 4. Securities
TransactionAcquired (A) or
Code Disposed of (D)

(Instr. 3, 4 and 5)

5. Amount of Securities Beneficially Owned Following 6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial

(I) Ownership (Instr. 4) (Instr. 4)

(A)

(Instr. 8)

Reported
Transaction(s)
(Instr. 3 and 4)

or (Instr. 3 and 4)

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

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 control number.

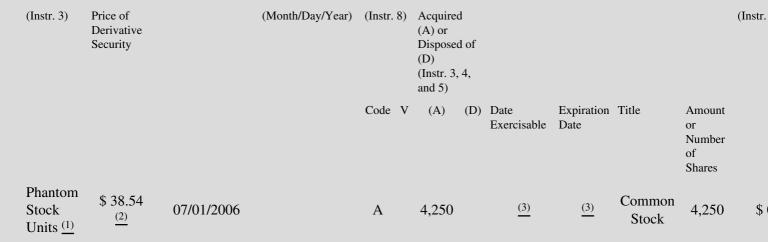
SEC 1474

(9-02)

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

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5. Number	6. Date Exercisable and	7. Title and Amount of	8. Pric
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transactio	onof Derivative	Expiration Date	Underlying Securities	Deriva
Security	or Exercise		any	Code	Securities	(Month/Day/Year)	(Instr. 3 and 4)	Securi

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Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

FOLZ PAUL E 10 SOUTH FIRST AVE WALLA WALLA, WA 99362

Executive VP, Banner Bank

Signatures

/s/Paul E. Folz 07/03/2006

**Signature of Date
Reporting Person

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) Award of phantom stock units under the Banner Corporation Long-Term Incentive Plan.
- (2) Market price on July 1,2006. Upon vesting, phantom stock units settle in cash at the value in excess of the value as of the grant date, plus dividends.
- (3) Award vests on July 1,2011. Each unit will be settled on the officer's separation from service, at a specified time or upon 60 months of continuous service, as determined by the officer.

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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