Mercantile BANCORP, INC.
MBR
MERCANTILE CENTER • 200 NORTH 33RD • QUINCY, IL 62305-3455

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Subject: "RIN 3064–AD35" "Comment Letter on FDIC's Proposed Emergency Special Assessment."

Recently, banks were notified of a special assessment to restore the DIF levels. At a time when banks are suffering the worst and criticized for low earnings, this would be devastating to their bottom line and also to our nation's economy. A special assessment will decimate earnings for many banks in 2009. Many banks cannot absorb a special assessment without losing capital. And may send more banks into failure.

A special assessment's drain on earnings and capital at this time, when the economy needs banks to be making more loans, is self-defeating. Funds paid to the FDIC cannot be leveraged to support new lending and in fact will reduce lending. This is totally counterproductive to the government's efforts to encourage more lending.

Our bank has been taking aggressive steps to reduce expenses in order to ensure that we remain strongly capitalized. A special assessment would wipe out these efforts, and more.

Treasury maintains a $30 billion line of credit for use by the FDIC in extraordinary situations. And, these are extraordinary times. We urge you to consider tapping into this line of credit! Especially, if they follow through and raise the limit to $100 billion.

This credit line is meant to serve as a "bridge" if the DIF becomes too low. It should be allowed to serve that purpose first, *after* which the industry could be called upon to expedite replenishing the fund. It is senseless to severely deplete the entire banking industry's earnings and capital base overnight when it is not now and may never be necessary to expedite premium payments.

P.O. Box 3455
217-223-7300
800-405-6372
217-223-8938 fax
mercbanx.com

We urge you to explore the possibility of borrowing from the industry in the form of convertible debt. Why not consider the same concept that was used during the savings and loan crisis, when the insurance funds were strengthened through the use of FICO bonds?

Banks have been tapped to the max with the mark-to-market accounting rules, loan defaults, etc. and this on top of all that would be extremely detrimental to the industry.

Please re-consider this proposal for the good of the industry and the nation.

Sincerely,

Ramona Schoonover
SVP Risk Management
Mercantile Bancorp, Inc.
200 N 33rd
Quincy, IL 62305