

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person
 HOOVER, PAUL R.
 2404 WEST PINEVIEW DRIVE
 MUNCIE, IN 47303
2. Issuer Name and Ticker or Trading Symbol
 FIRST MERCHANTS CORPORATION
 FRME
3. IRS or Social Security Number of Reporting Person (Voluntary)
 ###-##-####
4. Statement for Month/Year
 July 31, 1997
5. If Amendment, Date of Original (Month/Year)
 July 31, 1997
6. Relationship of Reporting Person(s) to Issuer (Check all applicable)
 Director 10% Owner Officer (give title below) Other
 (specify below)
 SENIOR VICE PRESIDENT / FIRST MERCHANTS BANK, N.A.
7. 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	2. Transaction Date	3. Transaction Code	4. Securities Acquired (A) or Disposed of (D) Amount	A/D	Price	5. Amount of Securities Beneficially Owned at End of Month	6. Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
Common Stock						13,425	D	
						117	I	Self Directed IRA-Spouse

Table II -- Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Derivative Security	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date	4. Transaction Code	5. Number of Derivative Securities Acquired (A) or Disposed of (D) Amount	A/D	6. Date Exercisable and Expiration Date Date/Date	7. Title and Amount of Underlying Securities Title and Number of Shares	8. Price of Derivative Security	9. Number of Derivative Securities Beneficially Owned at End of Month	10. Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership
Employee Stock Option (Right to Buy)	31.3750	07-31-97	A	2,300	A	01-31-98 / 07-31-07	Common	2,300	16,450	D	

Explanation of Responses:
 Effective January 1, 1997, by resolution of the Board of Directors of First Merchants Corporation, reporting person is no longer subject to Section 16.

SIGNATURE OF REPORTING PERSON
 Paul R. Hoover (Confirming Signature on File)
 DATE
 August 19, 1997