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ARIZONA CORPORATION COMMISSION

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SECURITIES DIVISION
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April 1, 1993

D. Scott Freed, Esq.
Muldoon, Murphy & Faucette
5101 Wisconsin Avenue, N.W.
Washington, D.C. 20016

RE: Liberty Savings Bank/ No-Action Request
A.R.S. §§ 44-1843(A) (2)

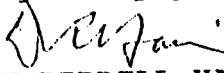
Dear Mr. Freed:

On the basis of the facts set forth in your letter of March 15, 1993, and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona should the transaction take place as set forth in your letter.

As this position is premised upon the facts set forth in your letter, it should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the anti-fraud provisions of the Act continue to be applicable.

We have attached a photocopy of your letter. By doing this we are able to avoid having to recite or summarize the facts set forth therein.

Very truly yours,


DEE RIDDELL HARRIS
Director of Securities

DRH:JB

Attachment

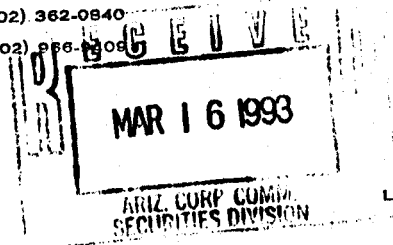
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March 15, 1993

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*NOT ADMITTED IN THE
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Ms. Leslie Block
Corporation Commission,
Securities Division
1200 West Washington Street
Suite 201
Phoenix, Arizona 85007

Re: Liberty Savings Bank
Request for Interpretive or No-Action Letter
concerning the Availability of the Exemption from
Securities Registration found at Section 44-1843
A.2 of the Arizona Revised Statutes, as amended

Dear Ms. Block:

This request for an interpretive or no-action letter is filed on behalf of Liberty Savings Bank (the "Savings Bank"), located at 16 West Franklin, Liberty, Missouri 64068, a Missouri-chartered savings bank, in connection with the proposed offer and sale of its common stock (the "Common Stock"), par value \$1.00 per share (the "Offering"). The Common Stock is expected to be issued upon the reorganization of the Savings Bank from a state chartered savings bank to a federally chartered mutual holding company, and the simultaneous transfer of substantially all of the Savings Bank's assets (except for \$100,000) and all of the Savings Bank's liabilities to a newly formed Missouri-chartered stock savings bank (together the "Reorganization"). References to the Savings Bank include the Savings Bank in its current mutual form and its post-Reorganization stock form as indicated by the context of the reference.

In connection with the Reorganization, the reorganized stock Savings Bank will issue between approximately 60% and 70% of the Savings Bank's Common Stock (597,500 and 697,500 shares, respectively) to be outstanding after the Reorganization to the

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newly formed federally chartered mutual holding company, Liberty Mutual Holding Company (the "Company") and between 30% and 40% of the Common Stock (300,000 to 400,000 shares, respectively) to be outstanding after the Reorganization to employee benefit plans of the Savings Bank, officers, directors, employees and certain members of the Savings Bank, and to the extent available, members of the public pursuant to the Savings Bank's Plan of Stock Issuance (the "Stock Plan"). Pursuant to proposed regulations of the Office of Thrift Supervision, Department of the Treasury ("OTS"), the Company is required to own a majority interest in the reorganized stock Savings Bank. We have included herewith a copy of the Bank's Application for Approval of Minority Stock Issuance on Form MHC-2 (the "Application") filed with the OTS on February 26, 1993 which includes as Item 4 an Offering Circular containing extensive disclosure of, among other things, the Reorganization, the Stock Plan and the business, financial condition and results of operations of the Savings Bank.

On December 31, 1992, the Savings Bank had assets of approximately \$111.9 million, deposits of \$98.2 million and retained earnings of \$9.1 million. The Savings Bank is a member of the Federal Home Loan Bank System, has its deposits insured by the Federal Deposit Insurance Corporation ("FDIC") and is subject to extensive regulation, supervision and examination by the OTS, the Missouri Division of Savings and Loan Supervision (the "Division") and to a lesser degree by the FDIC.

Under its present charter as a mutual savings bank, the Savings Bank has no authority to issue capital stock. The simultaneous reorganization of the Savings Bank to a federally chartered mutual holding company, the transfer of substantially all the mutual Savings Bank's assets and liabilities to the stock chartered Savings Bank, the issuance of a majority of the shares of Common Stock to the Company and the offer and sale of a minority of the Common Stock to persons other than the Company are expected to result in the issuance of up to 997,500 shares of Common Stock by the Savings Bank, including the offer of up to 400,000 shares to persons other than the Company. The offering price of the Common Stock is \$10.00 per share for an aggregate maximum offering of \$4,000,000.

The Common Stock will be offered on a priority basis to employee benefit plans of the Savings Bank, to officers, directors, and employees of the Savings Bank, and to certain of the Savings Bank's depositor and borrower members. Any remaining shares will be sold to certain members of the general public. The Savings Bank has engaged Trident Securities, Inc.

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("Trident"), a registered broker-dealer and member of the National Association of Securities Dealers, Inc. ("NASD"), to consult with and advise the Savings Bank with respect to the Offering.

The Offering of Common Stock was filed with the OTS in the Savings Bank's Application on February 26, 1993. The Offering Circular to be used in connection with the Offering is currently being reviewed by the Corporate and Securities Division of the OTS. The Offering will be conducted in accordance with OTS Regulations regarding securities offerings found at 12 C.F.R. Part 563g. The Application also was filed with the FDIC and the Division as the application for chartering the Missouri-chartered stock Savings Bank and for FDIC insurance of accounts for the stock Savings Bank. Because the Common Stock is being issued by a savings institution, the Common Stock is exempt from registration with the U.S. Securities and Exchange Commission pursuant to Section 3(a)(5)(A) of the Securities Act of 1933, as amended. The Offering Circular and advertising materials in connection with the offering are subject to approval by the OTS. We anticipate that the Application will be approved in mid-April 1993.

The Proposed Offering in Arizona

The Stock Plan provides that the Savings Bank's Common Stock will be offered on a priority basis to certain depositor and borrower members of the Savings Bank who are entitled to vote on the Reorganization at a Special Meeting of Members held for that purpose. According to the Savings Bank's records, there were approximately 24 such members residing in Arizona as of March 1, 1993. The Savings Bank also may choose to mail a copy of the Offering Circular to selected members of the general public residing in Arizona in order to offer the Common Stock to such persons. However, the number of mailings to non-members residing in Arizona is expected to be very limited. All of the Common Stock offered in Arizona will be offered and sold through Trident, an NASD member licensed as a dealer in Arizona.

Availability of Section 44-1863 A.2 and Analysis

Section 44-1843 A.2 of the Arizona Revised Statutes, as amended, exempts from the registration provisions of Sections 44-1841 and 44-1842:

Securities issued by a national bank or a bank or credit or loan association organized pursuant to an act of Congress and supervised by the United States or an agency thereof, or issued by a state bank or savings institution the business of which is supervised and regulated by an agency of this state or of the United States.

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We believe that the Savings Bank should be considered to be a savings institution the business of which is supervised and regulated by the United States and, accordingly, the Common Stock to be issued by the Savings Bank should be exempted from registration by Section 44-1843 A.2.

We understand that Section 44-1843 A.2 is similar to Section 402(a)(3) of the Uniform Securities Act of 1956, which has been interpreted by certain jurisdictions as not including non-domestic state-chartered savings institutions. However, we believe that the spirit of the provision is to exempt from registration securities issued by financial institutions which are subject to supervision and regulation by federal or state banking authorities and should apply to exempt the Common Stock issued by the Savings Bank. Our belief is based primarily on the extensive regulation to which the Savings Bank is subject by the OTS as its primary federal regulator, the Division as its chartering authority, and the FDIC as the insurer of the Savings Bank's deposits. As set forth in the attached Application, the Offering and the Reorganization are being conducted pursuant to OTS regulations and will be approved by the OTS only after a thorough review and comment period. Our belief also is supported by the actions of the National Conference of Commissioners on Uniform State Laws in adopting the Uniform Securities Act (1985), which contains an exemption for securities issued by "depository institutions" (Section 401(b)(3)). In explaining the reason for the new exemption for depository institutions the Official Code Comment provides:

Paragraph (b)(3) combines three previous subsections in the 1956 Act and treats all types of depository institutions in the same fashion. In the intervening years since the 1956 Act was proposed, the substantive differences among the various types of depository institutions largely have been eroded...

The underlying premise for this exemption is that these issuers are subject to extensive regulation by other state agencies, which typically includes regulation over the issuance of securities by such institutions.

In addition, since 1985 there have been significant changes in the regulatory scheme for federally insured savings institutions. Most significantly, the Financial Institutions Reform, Recovery and Enforcement Act (1989) created the OTS and subjected the savings institution industry to extensive new regulations regarding, among other things, capital levels, lending activities and investments. The Federal Deposit Insurance Corporation Improvement Act of 1991 also introduced further substantive federal regulation of savings institutions.

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Request

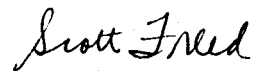
Based on the reasons set forth above, we believe that the Savings Bank qualifies for the exemption provided by Section 44-1843 A.2. On behalf of the Savings Bank we respectfully request the issuance of an interpretive letter concluding that the exemption found at Section 44-1843 A.2 may be relied upon by the Savings Bank for the offering of Common Stock in Arizona. In lieu thereof, we request a no-action letter stating that the Securities Division would not recommend enforcement action against the Savings Bank should it rely on Section 44-1843 A.2.

Enclosed are two copies of this letter and a check payable to the Arizona Corporation Commission for the applicable fee, pursuant to Section 44-1861 L.

Please date stamp the enclosed copy of this letter upon receipt and return it in the enclosed stamped, self addressed envelope. If you have any questions or require any additional information, please do not hesitate to call the undersigned. We respectfully request expedited review of this letter as the Savings Bank hopes to commence the Offering by mid-April, 1993. If you do not believe that the exemption will be available, please contact the undersigned at your earliest convenience so that we can make alternative arrangements.

Very truly yours,

MULDOON, MURPHY & FAUCETTE


Scott Freed

Enclosures
SF:cf

cc: Steven N. Craven
Liberty Savings Bank

John Andrew Hitt
Trident Securities, Inc.