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August 13, 1993

Ms. Sagryl Jones Alu
Elias, Matz, Tiernan & Herrick
Twelfth Floor
734 Fifteenth Street, N.W.
Washington, D.C. 20005

RE: 1st Home Federal
Savings and Loan Association
Of the Carolinas, F.A.

Dear Ms. Alu:

This is in response to your letter dated July 19, 1993, and received by this Agency July 20, 1993. Such letter supplemented your letter dated May 7, 1993.

Your letters and supplemental materials indicate that 1st Home Federal Savings and Loan Association of the Carolinas, F.A. (the "Association") is dissolving. The Association proposes a series of four transactions in which substantially all of its assets will be sold and its liabilities assumed. A plan of liquidation (the "Plan") has been approved by the Office of Thrift Supervision ("OTS") and is to be adopted by the Association's Board of Directors and submitted to the Association's shareholders for approval. Pursuant to the Plan, after the four transactions have closed, the Association would transfer all remaining assets (the "Residual Assets") to a liquidating trust (the "Liquidating Trust"), which would then liquidate the Residual Assets in accordance with regulations of the OTS. The Association's stockholders (the "Beneficiaries") would be entitled to a pro rata share of the aggregate beneficial interests in the Liquidating Trust. Following the transfer to the Liquidating Trust, the Association would be formally dissolved.

It is my understanding that the sole purpose of the Liquidating Trust would be to liquidate and distribute the Residual Assets

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transferred to it for the Beneficiaries. The Liquidating Trust would maintain a finite life and would terminate no later than five years from the date of its creation. No certificates representing the interests of the Beneficiaries in the Liquidating Trust would be issued, and the interests of the Beneficiaries would not be transferable except by will, intestate succession or otherwise by operation of law. The Beneficiaries would be provided with periodic reports from the trustees of the Liquidating Trust which would contain financial and other information about the Liquidating Trust's operations.

Based upon the foregoing understanding, the Staff of the State Securities Board will recommend no action to require registration of the beneficial interest in the Liquidating Trust to be distributed to the Association's shareholders pursuant to the provisions of the Plan as described above.

Please note that this Agency has not made an independent investigation of the facts, but has relied solely upon the information you have provided. If this information is incorrect or changes substantially, the staff would reconsider the matter and the no-action position stated above would be void.

I trust this information answers your inquiry. Please feel free to write us if you need further information.

Very truly yours,

RICHARD D. LATHAM
Securities Commissioner

Denise Voigt Crawford
General Counsel

DVC:bp