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ARIZONA CORPORATION COMMISSION

JAMES MATTHEWS
EXECUTIVE SECRETARY

SECURITIES DIVISION
1300 West Washington, Third Floor
Phoenix, AZ 85007-2996
TELEPHONE: (602) 542-4242
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March 20, 1996

Filomena D'Elia, Esq.
Malizia, Spidi, Sloane & Fisch, P.C.
One Franklin Square
1301 K Street, N.W., Suite 700 East
Washington, D.C. 20005

RE: Westwood Savings Bank/Westwood Financial Corporation
A.R.S. § 44-1844(A)(6)

Dear Ms. D'Elia:

On the basis of the facts set forth in your letter of March 7, 1996, and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona (the "Act") should the transaction within Arizona be limited to the Subscription Offering. As indicated in your letter, you have not sought the Division's opinion with respect to the Exchange, and thus, we have not considered and therefore have no opinion with regard to that aspect of the transaction described 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,

A handwritten signature in dark ink, appearing to read "Dee Riddell Harris".

DEE RIDDELL HARRIS
Director of Securities

DRH:lb
Attachment

MALIZIA, SPIDI, SLOANE & FISCH, P.C.

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March 7, 1996

VIA FEDERAL EXPRESS

Dee R. Harris, Director
Corporation Commission
Securities Division
1300 West Washington Street, Third Floor
Phoenix, Arizona 85007

FEDERAL EXPRESS
MAY 8 1996

Re: Request for Confirmation of Exemption Regarding the Proposed Reorganization of Westwood Savings Bank, and the sale of Common Stock by its Holding Company, Westwood Financial Corporation, a New Jersey Corporation

Dear Ms. Harris:

On behalf of Westwood Savings Bank, a New Jersey chartered savings bank ("Westwood" or the "Savings Bank") and Westwood Financial Corporation ("WFC"), we are filing a no-action request pursuant to Section 44-1861(L) of the Arizona Blue Sky Act (the "Act") regarding the offering of WFC Common Stock to depositors of the Savings Bank residing in Arizona. WFC was incorporated in December 1995 in order to become a bank holding company for Westwood. The Company is proposing to offer up to 859,625 shares of its Common Stock in connection with the Offerings and Exchange, as defined herein, to be effected in connection with the Plan of Reorganization (the "Plan") among the Savings Bank, the Company and Bergen North Financial M.H.C. (the "Mutual Holding Company") (collectively "The Primary Parties") whereby the Savings Bank will be reorganized as a subsidiary of the Company.

Rights to subscribe to the Company's Common Stock have been granted to eligible deposit account holders, supplemental eligible account holders and current depositors of the Savings Bank in a Subscription Offering. Any shares which are not purchased in the Subscription Offering are being offered to (i) the stockholders of the Savings Bank, other than the Mutual Holding Company as of the record date for the meeting to approve the Plan ("Public Stockholders Offering") and (ii) to certain members of the general public to whom a copy of the Prospectus is delivered in a Community Offering (the "Community Offering"). Collectively, the Subscription Offering, Public Stockholders Offering and Community Offering will be

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Dee R. Harris, Director
March 7, 1996
Page 2

referred to as the "Offerings." In addition to the Offerings, as a result of the transactions contemplated by the Plan, each share of common stock, par value \$2.00 per share, of the Savings Bank ("Bank Common Stock") held by the Mutual Holding Company (which held 220,000 shares or 57.89% of the outstanding Bank Common Stock at November 30, 1995) will be canceled and each share of Bank Common Stock held by the Bank's current public stockholders ("Public Stockholders") (the "Public Bank Shares"), which amounted to 160,000 shares or 42.11% of the outstanding Bank Common Stock at November 30, 1995, will be automatically converted into shares of Common Stock (the "Exchange Shares") pursuant to a ratio (the "Exchange Ratio") that will result in the Public Stockholders owning in the aggregate approximately 40.40% of the Company, without giving effect to the payment of cash in lieu of fractional Exchange Shares and any shares of Reorganization Stock purchased by such Public Stockholders in the Offerings described herein (the "Exchange"). Common Stock sold in the Offering will be sold at a uniform \$10.00 per share purchase price.

The Common Stock (other than Exchange Shares which are exempt from registration) has been registered under the Securities Act of 1933, as amended. A Registration Statement was filed with the Securities and Exchange Commission on December 20, 1995. A copy of Amendment No. 3 to the Registration, containing the latest form of the Prospectus, is included with this letter. Also included as a separate document is the most recent copy of the Plan.

We do not know of any current shareholders of the Bank residing in Arizona. We believe that the Exchange would be an exempt transaction under 44-1844(6) of the Act and do not seek an opinion regarding the Exchange.

The purpose of this letter to request that the Division of Securities confirm that, with respect to the facts and circumstances discussed herein:

- (i) The proposed sale of Common Stock of WFC is exempt from registration in the State of Arizona pursuant to Sections 44-1844(6) of the Act. We request that this exemption apply only to two (2) persons who are depositors or borrowers of Westwood residing in Arizona in the Subscription Offering as described above.
- (ii) For purposes of the proposed sale of stock, officers and directors of WFC will not be subject to registration as salesmen pursuant to Section 44-1842 due to the sale of stock being an exempt transaction pursuant to Sections 44-1844(6) of the Act.
- (iii) No filings are required to be made in connection with the proposed offering of stock to two persons in Arizona.

Dee R. Harris, Director
March 7, 1996
Page 3

Consummation of the Reorganization is conditioned upon the approval of the holders of at least two-thirds of the shares of the outstanding Bank Common Stock, including the Mutual Holding Company (the "Stockholders"), eligible to be voted at a special meeting of stockholders called for the purpose of submitting the Plan for approval (the "Stockholders' Meeting"), expected to be held in April 1996. In addition, the Primary Parties have conditioned the consummation of the Reorganization on the approval of the Plan by at least a majority of the votes cast, in person or by proxy, by the Public Stockholders at the Stockholders' Meeting. The Mutual Holding Company intends to vote its shares of Bank Common Stock, (57.89% of the outstanding shares) in favor of the Plan at the Stockholders' Meeting. The Plan must also be ratified by a majority of the votes granted by the Plan to the Savings Bank's depositors as of a certain record date (the "Voting Record Date") ("Current Depositors") at a special meeting of such Current Depositors called for the purpose of submitting the Plan for approval (the "Current Depositors' Meeting"). Pursuant to the laws of the State of New Jersey, the voting rights of the Savings Bank are held exclusively by the Board of Directors, which is required to adopt the Plan by a vote of not less than two-thirds of its entire membership. However, the Federal Deposit Insurance Corporation ("FDIC") has issued regulations under which all state savings banks may be required to have plans to reorganize approved by depositors. Accordingly, the Savings Bank is seeking special proxies from Current Depositors to ratify the Plan. Pursuant to the Plan, each Current Depositor as of the Voting Record Date shall receive one vote for every \$100 of deposits at the Bank up to a maximum of 1,000 votes. Any amendment to the Plan made after depositor ratification and stockholder approval shall not necessitate further approval by current depositors or stockholders unless otherwise required by the New Jersey Department of Banking ("NJDB") or the FDIC. Consummation of the Reorganization is also subject to the approval of the NJDB and the FDIC. Consummation of the mergers contemplated by the Plan is subject to the approval of the FDIC under the Bank Merger Act. Finally, the establishment of the Company as a bank holding company is subject to Federal Reserve Board approval. Furthermore, the Reorganization is conditioned upon, among other things, the sale of at least 329,275 shares of Reorganization Stock in the Offerings.

We believe that the exemption pursuant to Section 44-1844(6) is applicable to these facts. The merger of the Mutual Holding Company into the Savings Bank, the reorganization of Westwood as a subsidiary of the Company, and the concurrent stock offering by WFC must be approved by the NJDB, the FDIC and the Federal Reserve Board pursuant to applicable statutes and the rules and regulations of such agencies, and by the depositors of Westwood who will be granted voting rights in Westwood, making them equivalent to stockholders for the purposes of this transaction. Currently, depositors hold an inchoate interest in the liquidation value of the Mutual Holding Company. In other words, upon a liquidation of the Mutual Holding Company, depositors of the Bank would be entitled to a pro rata share of the retained earnings of the Mutual Holding Company similar to the pro rata right that would be enjoyed by a stockholder should a corporation ever liquidate. By voting for the Plan, depositors are voting to exchange their

Dee R. Harris, Director
March 7, 1996
Page 4

liquidation interest in the Mutual Holding Company for a liquidation interest in the Bank and are granted subscription rights that permit the depositors to subscribe for Company Common Stock on a priority basis.

The offering of the Common Stock of WFC is expected to commence in late March 1996 and the Reorganization and the Offerings are expected to be consummated in April 1996. The offering of the Common Stock of WFC will be carried out by the officers and directors of WFC, who will be given no commissions or additional remuneration for their role. Westwood has engaged Ryan, Beck & Co., Inc., to assist in the distribution and sale of Common Stock, on a best efforts basis in the Offerings.

We have enclosed a check for \$200 to the Arizona Corporation Commission in payment of the applicable fee. We would appreciate your response on this matter, on or before March 20, 1996, if possible.

Please contact the undersigned if you have any further questions. You may call collect if that is standard procedure.

Thank you for your assistance in this matter.

Sincerely,



Filomena D'Elia

Enclosure

cc: Joanne Miller, Executive Vice President
Shannon M. Devlin, Legal Assistant