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ARIZONA CORPORATION COMMISSION

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SECURITIES DIVISION
1300 West Washington
Third Floor
TELEPHONE: (602) 542-4242
FAX: (602) 542-3583

January 30, 1995

Michael E. DeFao, Esq.
Ropes and Gray
One International Place
Boston, Massachusetts 02110-2624

RE: The Colonial Funds
A.R.S. § 44-1844(A)(6)

Dear Mr. DeFao:

On the basis of the facts set forth in your letter of January 11, 1995, 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 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 upon 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 Ridell Harris".

DEE RIDDELL HARRIS
Director of Securities

DRH/pgg
Attachment

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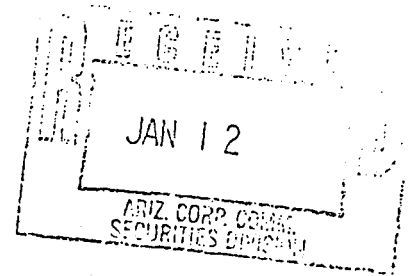
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January 11, 1995

OVERNIGHT COURIER

Leslie Block, Associate
General Counsel
Securities Division
1200 West Washington Street
Suite 201
Phoenix, Arizona 85007



Re: Class A shares of beneficial interest in the Colonial Tax-Exempt Insured Fund;
Class A shares of beneficial interest in the Colonial Tax-Exempt Fund, each a series of Colonial Trust IV;
Class A shares of beneficial interest in the Colonial U.S. Government Fund, a series of Colonial Trust II;
and
Class A shares of beneficial interest in The Colonial Fund, a series of Colonial Trust III.

Dear Ms. Block:

On behalf of the Colonial Tax-Exempt Insured Fund and the Colonial Tax-Exempt Fund, each a series of Colonial Trust IV, the Colonial U.S. Government Fund, a series of Colonial Trust II, and The Colonial Fund, a series of Colonial Trust III, we hereby request confirmation of the availability of an exemption under Section 44-1844(a)(6) of the Arizona Revised Statutes, as amended ("Act") with respect to the transactions described below. Each of Colonial Trust II, III, and IV is a Massachusetts business trust operating as an open-end investment company registered under the Investment Company Act of 1940.

As you will note in the enclosed materials, the shareholders of the Liberty Financial Insured Municipals Fund, the Liberty Financial Tax-Free Bond Fund, the Liberty Financial U.S. Government Securities Fund, and the Liberty Financial Growth and Income Fund (the "Liberty Funds"), each a series of the Liberty Financial Trust, also a Massachusetts business trust registered as an open-end investment company under the Investment Company Act of 1940, are being asked to vote on a proposal whereby the Colonial Tax-Exempt Insured Fund, the Colonial Tax-Exempt Fund, the Colonial U.S. Government Fund, and The Colonial Fund (the "Colonial Funds"), respectively, will acquire all of the assets and assume all of the liabilities of the corresponding Liberty

Funds in exchange for a number of Class A shares of beneficial interest in the corresponding Colonial Fund equal in value to the value of the net assets of the corresponding Liberty Fund transferred to the corresponding Colonial Fund. If the proposed transactions are approved by the shareholders of the Liberty Funds, each shareholder of the Liberty Fund will receive that number of full and fractional Class A shares of beneficial interest in the corresponding Colonial Fund which are equal in aggregate value at the date of the exchange to the value of the shares of the corresponding Liberty Fund attributable to the shareholder.

The proposed reorganizations will be effected pursuant to an Agreement and Plan of Reorganization (the "Agreement"). Copies of these Agreements are set forth as Exhibit A to the federal Registration Statements on Forms N-14 submitted herewith. In accordance with the Declaration of Trust for each of the respective Colonial Funds, consummation of the proposed reorganizations is subject to the affirmative vote of not less than a majority of the outstanding shares of the respective Liberty Fund that are entitled to vote thereon at a special meeting called for the purpose of considering the reorganizations.

We are of the opinion that the above-described exchange offers satisfy the exemption set forth in Section 44-1844(a)(6) of the Act which states that the registration provisions of the Act shall not apply to "any transaction or series of transactions incident to a statutory or judicially approved reorganization, merger, triangular merger, consolidation, or sale of assets, incident to a vote by securities holders pursuant to the articles or incorporation, the applicable corporate statute, partnership agreement or the controlling agreement among securities holders."

As set forth above, the proposed reorganizations are being made pursuant to the Declaration of Trust for each of the respective Colonial Funds. Accordingly, since these Declarations of Trust amount to the "controlling agreement among the securities holders" of each of the respective Colonial Funds, the proposed reorganizations should be exempt pursuant to Section 44-1844(a)(6) of the Act and require no further registration. A similar position was adopted, and a no-action letter granted, with respect to a distribution of common stock to limited partners pursuant to a partnership agreement on December 12, 1991. (A copy of this no-action position is submitted herewith).

Further, you will note that the shares of beneficial interest in both the respective Colonial and Liberty Funds are currently registered in your state in connection with the continuous offering of those shares.

We hereby respectfully request confirmation of the availability of the exemption under Section 44-1844(a)(6) of the Act. In this manner, we have enclosed a check in the amount of \$200. Also enclosed, please find copies of the federal Registration Statements on Forms N-14 for the Colonial Funds, as submitted to the Securities and Exchange Commission. These documents serve as both the federal registration statement for the appropriate Colonial Fund and also as the proxy statement for the corresponding Liberty Fund.

If you have any questions or comments, please do not hesitate to contact me.

Kindly acknowledge receipt of this filing by date-stamping the enclosed copy of this letter and returning the same to me in the stamped, self-addressed envelope provided for that purpose.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael E. DeFao", written over a horizontal line.

Michael E. DeFao

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