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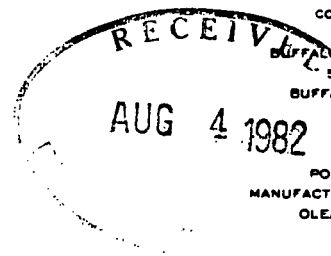
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July 28, 1982

Securities and Exchange Commission
500 Block
North Capitol Street
Washington, D.C. 20549

Gentlemen:

We represent Buffalo Savings Bank (the "Bank"), a New York State chartered mutual savings bank. On behalf of the Bank, we respectfully request your concurrence in our opinion that the offer and sale by the Bank of the certificates described below will be exempt from registration under the Securities Act of 1933 (the "1933 Act") by reason of Section 3(a)(2) thereof, under the Investment Company Act of 1940 (the "1940 Act") by reason of Section 3(a)(1) or Section 3(c)(3) thereof and also from the provisions of the Trust Indenture Act of 1939 (the "1939 Act") by reason of Section 304(a)(4)(A) thereof.

The Bank proposes to offer and sell to the public non-transferable certificates representing participations in tax-exempt securities issued by municipal and other local governmental authorities. Each participation certificate would relate to a particular municipal security which would be identified in the certificate, and would provide the owner with an undivided interest, to the extent of the sum stated, in such security. Where an interest in the municipal securities of more than one issuer is to be offered by the Bank, offerees would be able to select among certificates evidencing participation in municipal securities of different issuers, having varied maturities and interest rates. However, there would be no pooling of securities, either of different issuers or the same issuer.

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The Bank would offer participations only in municipal securities which it was about to acquire (or had recently acquired) directly from the issuer, and each such offering would be at the same price that the Bank was about to pay (or had recently paid) for such securities from the issuer. The Bank is never to divest itself of 100% interest in a particular municipal security, and will continue to hold and service each municipal security just as any other municipal security in its portfolio.

Except as set forth below, the Bank would have no obligation with respect to the underlying municipal securities. Upon payment of the principal and interest on the municipal security, the Bank will remit to the participant his proportionate share of the principal and interest, less a stated and agreed upon percentage thereof for its services in holding and servicing the municipal security. The participation certificates shall recite that, except as set forth below, the holder or owner thereof shall have no recourse against the Bank, either for the principal or interest on the underlying municipal security, and that the Bank's only liability is to remit to the holder of the certificate his share of the principal and interest when, as and if it is collected by the Bank.

The participation certificates would also provide that on or after the ninetieth (90th) day following purchase, the holder thereof may, at his option, resell such certificate to the Bank for the original purchase price thereof, plus accrued interest thereon from the last interest payment date, so long as the issuing authority has not defaulted under any of the terms of the underlying municipal security. Upon the exercise of such a "put" option, the Bank would repurchase the certificate upon the terms indicated. The certificate holder will have no obligation to exercise his "put", and the Bank will have no right to purchase the certificate from the holder thereof. There will be no understanding that the Bank will reacquire the certificates, unless the certificate holder chooses to exercise the "put" at a time where the issuing authority has not defaulted as aforesaid, and the holder's decision to exercise or not to exercise will be based on the circumstances on the day of exercise. If the "put" is not exercised, the holder shall only receive back his invested

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principal in accordance with the foregoing paragraph (i.e., when, as and if such is collected by the Bank from the issuing authority).

The Bank would not have authority, without prior written consent of all participants in a particular security, to extend or renew the security, change the rate of interest thereon, or otherwise amend the terms thereof.

The participation certificates are to be neither transferable nor negotiable, and the participant is liable for his proportionate cost of all expenses incurred by the Bank in connection with the enforcement or collection of the underlying security in case of default.

It is our opinion that the participation certificates described herein are exempt from registration under the 1933 Act by virtue of the provisions of Section 3(a)(2) of the 1933 Act, since participations would be offered only in municipal securities exempt from registration under Section 3(a)(2). Under the rationale relied on in the reply of the SEC staff to the letter of inquiry from Merrill Lynch, Pierce, Fenner & Smith, Inc. (available November 4, 1981), the character of the underlying securities should be dispositive of the status of the participation certificates for purposes of Section 3(a)(2). Alternatively, since the certificate holders have the option to resell their certificates to the Bank after 90 days, Section 3(a)(2) should be applicable inasmuch as they are "issued or guaranteed by any bank".

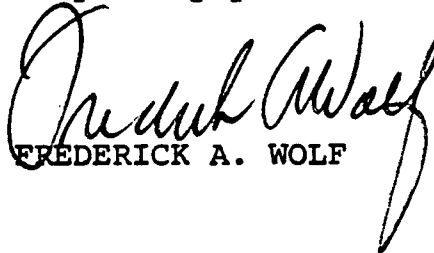
Under the 1940 Act, the Bank specifically is exempt under Section 3(c)(3). Since no pool of securities is contemplated by the Bank's proposal and there will be no exercise of investment discretion other than by the customers purchasing participation certificates, there is no question of the existence of an issuer separate from either the governmental authorities or the Bank which could be subject to the 1940 Act.

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Under Section 304(a)(4)(A) of the 1939 Act, it is our opinion that the participation certificates are automatically exempt from the provisions of the 1939 Act because they are exempt under Section 3(a)(2) of the 1933 Act.

We would appreciate your confirming, at your earliest possible convenience, that you would not recommend any enforcement action if the Bank were to proceed with the proposal described above in reliance on the opinions that we have set forth herein.

Very truly yours,



FREDERICK A. WOLF

FAW/lmn