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June 5, 1975

Glenn Payne, Esq.
Division of Corporate Finance
Securities and Exchange
Commission
500 North Capitol Street, N.W.
Washington, D. C. 20549

Re: Tax-Exempt Municipal Trust
File No. 811-2551

Dear Mr. Payne:

You have asked how Shearson Hayden Stone Inc. (the "Sponsor") proposes to value Units issued by series of Tax-Exempt Municipal Trust (the "Trust") which are insured against risk of loss in respect of interest and in respect of payment of principal in the event of default by an issuer of one or more obligations in the portfolio of such series.

We have been in touch with Mr. Richard Brandes of Standard & Poor's Corporation ("S&P") concerning this matter. As you may be aware, Mr. Brandes has responsibility at S&P for pricing portfolio securities for municipal bond funds for which S&P serves as Evaluator. I have enclosed a copy of his letter in response to our inquiry for your information.

Essentially, Mr. Brandes indicates that S&P does no more than value portfolio securities for purposes of determining their approximate resale value in the market place. Such procedure does not contemplate computation of a value for possible insurance receivables which a trustee for an insured series of a municipal bond fund might have in the event of default in payment of interest or principal on a portfolio security included in such series.

For purposes of secondary market trading, the Sponsor calculates the public offering price and repurchase price for Units of the Trust. Such procedure includes calculation of accrued interest on Units. As described more fully in a prospectus for securities issued by the

Trust, units are priced on the basis of the net asset value per unit of the underlying portfolio as determined by S&P plus accrued interest plus the applicable sales charge.

In the event of non-payment of interest by an issuer whose securities are held in the portfolio of an insured series of the Trust, the Sponsor will continue to calculate accrued interest in respect of such defaulted obligations so long as the insurance coverage in respect of said obligations remains in effect and the insurer has not informed the Sponsor of a proposed default in its payments to the Trustee. However, the net asset value of a unit of such series will not reflect any value attributable to the insurance except to the extent that aggregate interest accrued per unit reflects a receivable from the insurer. To do otherwise would be to credit the series with an asset which it really does not have and cannot sell.

In the event of non-payment of principal by the issuer on a portfolio security on the due date, the Sponsor would include an amount equal to the value of the receivable which it is entitled to receive from the insurer as soon as the Trustee's right to said receivable is perfected and so long as the insurance company had not informed the Sponsor of a proposed default in its payments. Accordingly, no value would be given to insurance coverage in respect of a defaulted obligation prior to the due date of the security since at such time as the Sponsor could not be certain that the obligation would be in the Trust's portfolio subsequent to its due date. As previously indicated, if the obligation is sold prior to its due date, the insurance coverage applicable to said security lapses. However, subsequent to the security's due date, the Trustee's claim against the insurance company is perfected.

In summary, with the exception of accrued interest, the Sponsor intends to base the market value of the Units on the offering price of the underlying bonds without insurance. The reasoning behind this pricing philosophy is that, if there were an insufficiently active market for the Units or if the principal amount of bonds in the portfolio were to fall below the mandatory termination amount, all units would be released. In such event, the insurance coverage would lapse on bonds concurrent with their sale by the Trust to provide cash for redemption purposes. As a result of such sales and lapse of insurance coverage, unitholders would receive only the uninsured redemption value per unit. Clearly it would not be in the best interests of all unitholders to allow those unitholders who redeem early to receive a higher price for the underlying bonds while those redeeming later would only receive less than the uninsured price for the underlying bonds.

If at any time market forces determine that the price per unit established by the Sponsor is too low, in terms of the relationship between yield and price, it is possible that an over-the-counter market for such units might be established by broker-dealers other than the Sponsor. Accountants for the trust have indicated on a preliminary basis that any annual financial statement prepared by them will contain a footnote indicating the amount of insurance coverage on defaulted bonds, if any.

If you require any further explanation, please feel free to call or write to me concerning this matter at your convenience.

Very truly yours,

Thomas D'Alessandro

TD/rm

cc: Mr. Richard Brandes
Mr. Conrad K. Sterrett