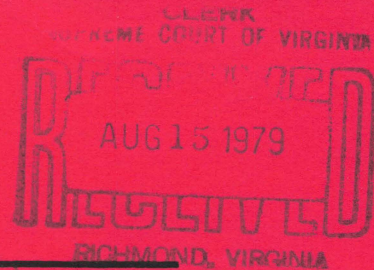


220 Va 718



IN THE

Supreme Court of Virginia

AT RICHMOND

RECORD NO. 790912

SHENANDOAH SAVINGS & LOAN ASSOCIATION

Appellant

v.

FRONT ROYAL SAVINGS & LOAN ASSOCIATION
and STATE CORPORATION COMMISSION

Appellees

JOINT APPENDIX
Volume I

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State Corporation Commission
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Richmond, Virginia 23219

Counsel for Appellees

TABLE OF CONTENTS

Volume I

Appendix Page

Application of Front Royal Savings and Loan Association for a certificate of authority to begin a business, filed 12-1-72	1
Application of Front Royal Savings and Loan Association for a certificate of authority to begin a business, filed 12-22-77	6
Application of Shenandoah Savings and Loan Association for a certificate of authority to begin a business, filed 2-8-78 and second offering circular	15
Bureau of Financial Institutions Economist Nick C. Kyriades report on the application of Shenandoah Savings and Loan Association, dated 4-26-78	31
Bureau of Financial Institutions' Economist Nick C. Kyriades report on the application of Front Royal Savings and Loan Association, dated 4-27-78	43
Order of the State Corporation Commission, filed 6-23-78 . .	57
Order of the State Corporation Commission, filed 11-21-78 . .	60
Brief in lieu of closing argument, submitted 1-10-79	63
Summary Memorandum, filed 1-10-79	74
Order of the State Corporation Commission, filed 2-21-79 . .	79
Opinion of the State Corporation Commission, filed 6-21-79 ..	82
Assignment of Error, filed 7-6-79	95

Exhibits

Exhibit No. LCP-1, p. 13-17 - Pre-filed testimony of Lawrence C. Pettit, Jr.	98
Exhibit No. LCP-2 - Memorandum (Department of Highways and Transportation)	104
Exhibit No. RSG-15 - Testimony	109
Exhibit No. RSG-16 - Interrogatories	121

	<u>Appendix Page</u>
Exhibit No. RSG-17 - Answers to Interrogatories	129
Exhibit No. RSG-18 - List	166
Exhibit No. 19 (p. 13, 14, 24) - Offering circular	170
Exhibit No. 20 - Map *	
Exhibit No. 21 - Traffic volumes	173

* Map cannot be reasonably reproduced but is on
file in Clerk's Office.

APPLICATION OF A SAVINGS AND LOAN ASSOCIATION FOR A CERTIFICATE OF AUTHORITY TO BEGIN BUSINESS

BUREAU OF BANKING
STATE CORPORATION COMMISSION
800 BLANTON BUILDING
RICHMOND, VIRGINIA 23219

(To be filed in duplicate.)
Fee: \$250.00, payable to
Treasurer of Virginia

The undersigned directors of

Front Royal Savings and Loan Association

pursuant to the provisions of Sec. 6.1-170 of the Code of Virginia, hereby apply to the State Corporation Commission for a certificate authorizing the said association to begin business.

1. The proposed association will be located at

27 South Royal Street

in the County of (City of) Front Royal, Warren County, Virginia

2. The association was incorporated September 23, 1968 - name was changed from First Virginia Savings and Loan Association on May 9, 1972.
(Items 3 through 6 Apply Only to Capital Stock Associations.)

3. The maximum capital stock authorized by its articles of incorporation is \$ 250,000.00 divided into 25,000 shares having a par value of \$ 10.00 per share.

4. The capital stock of the association has been subscribed to at \$ 12.50 per share.

5. Subscriptions amount to \$ 200,000.00, of which \$ 150,000.00 will be credited to the capital stock account.

6. Of the subscriptions to capital stock, \$ 60,096.25 has been paid in cash; of which \$ 50,000.00 has been credited to the capital stock account.

7. Savings shares to the value of \$ 200,000.00 have been subscribed to by the members of the association, of which \$ none has been paid in cash, and the members have promised in writing not to withdraw any shares for at least one year.

8. Cash paid in on shares of stock or savings shares has been deposited to the credit of the association or to the credit of a trustee for the association in See attached Schedule A.
If the deposit has been made in the name of a trustee, his name and address are:

None

9. The estimated operating earnings and expenses for

	the first 12 months:	the first 36 months:
Operating Earnings		
Interest on loans.....	\$69,750.00	\$263,500.00
Interest on securities.....	2,500.00	15,000.00
Fees and service charges.....	10,000.00	8,000.00
Other operating earnings.....	500.00	1,000.00
TOTAL.....	\$82,750.00	\$287,500.00
Operating Expenses		
Dividends on shares.....	\$36,750.00	\$206,250.00
Salaries and wages.....	26,000.00	45,000.00
Taxes (other than income).....	500.00	2,000.00
Other operating expenses.....	11,900.00	15,500.00
TOTAL.....	\$75,150.00	\$268,750.00

10. Savings share volume for the first twelve months is estimated at \$ 1.5 million; and for the first thirty-six months at \$ 4.5 million.
11. The association has paid or is obligated to pay the following amounts for organization expenses for the purposes shown: \$1,000.00 paid; \$3,500.00 due upon approval of the Certificate of Authority.
12. Future organization expenses are estimated as follows: \$10,000.00
13. The association expects to spend on its business premises, furniture and fixtures before opening for business: \$15,000.00
14. The present assets and liabilities of the association are:

Assets	Liabilities
Cash on deposit \$60,096.25	
Subscriptions due 139,903.75	
\$200,000.00	none

15. The officers of the association are:

Title	Name	Residence address
President	Ronald S. Gilliam	231 Manassas Avenue Front Royal, Virginia
Vice-President	Samuel J. Baggarly	Browntown, Virginia
Secretary	Arnold M. Williams	352 Blue Ridge Front Royal, Virginia
Treasurer	David L. Wines	211 Jamestown Road Front Royal, Virginia

16. Filed herewith are:

- (a) The financial statements of each officer and director. (Note: These statements are treated as Confidential). One copy required.
- (b) A list of the subscribers to the shares of stock of the association, if it is a stock association; or a list of members if the association is a mutual association. The list must be filed in duplicate.
- (c) A statement of the facts tending to prove that there is public need for savings and loan facilities or additional savings and loan facilities in the community where the association is proposed to be. One copy required.

The undersigned, being all the directors of the association, certify that the statements contained in this application are true to the best of their knowledge and belief.

Dated November 30, 1972

Ronald S. Gilliam +
Samuel J. Baggarly +
Arnold M. Williams +
David L. Wines +
_____ +
_____ +

(Name of Applicant)

Name and Address of Subscriber	Number Of Shares	Total Amount Subscribed	Cash Paid In
le E. Wright, 125 W. 4th St., Front Royal, Va. *	8 -	100.00-	100.00
lvin P. Smith, 105 N. Buckmarsh St., Berryville, Va. *	20	250.00-	250.00
ry F. Igon, 324 Amherst Drive, Front Royal, Va. *	30	1,000.00-	1,000.00
chard H. Brooke, 301 Salem Ave., Front Royal, Va. *	4 -	50.00-	50.00
ry F. Blanton, Bungadin Subd., Front Royal, Va. *	4 -	50.00-	50.00
orgia S. Brooke, 301 Salem Ave., Front Royal, Va. *	4 -	50.00-	50.00
ank H. Chandler, Browntown Road, Front Royal, Va. *	100 - 8 -	100.00-	100.00
chard J. Green, Route 2, Front Royal, Va. *12/12/77	8 -	100.00-	100.00
ckie L. White, Route 2, Front Royal, Va. *12/13/77	4 -	50.00-	50.00
uline H. Stokes, Milltop, Front Royal, Va. *	24	300.00-	300.00
H. Clinger, John Marshall Hwy., Front Royal, Va. *	40	500.00-	500.00
nry V. deLongfief, Rt. 3, Box 155, Front Royal, Va. *	20	250.00-	250.00
lette J. deLongfief, Rt. 3, Box 155, Front Royal, Va. *	20	250.00-	250.00
is H. Cloud, 720 Stockton Rd., Front Royal, Va. *	8 -	100.00-	100.00
adys C. Hill, 320 Miller Street, Winchester, Va. *	20	250.00-	250.00
hn F. Swell, Happy Creek Rd., Front Royal, Va. *	25 - 8 -	100.00-	100.00
riou Artz, Woodstock, Va. *	40	500.00-	500.00
W. & P. L. Lawrence, 708 Commerce Ave., Front Royal, Va. *	30	1,000.00-	1,000.00
mes R. & Carol Kenny, 311 Duncan Ave., Front Royal, Va. *	16	200.00-	200.00
W. & P. L. Lawrence, 708 Commerce Ave., Front Royal, Va. *	8 -	100.00-	100.00
urray D. & Mary S. Williams, Rt. 1, Box 79, Manassas, Va. *	4 -	50.00-	50.00
hn A. Marlow, 122 Virginia Ave., Front Royal, Va. *	16	200.00-	200.00
uglas C. Leckie, 201 Jamestown Rd., Front Royal, Va. *	8 -	100.00-	100.00
essie F. & Floyd J. Brown, 105 Washington Ave., Front Royal, Va. *	4 -	50.00-	50.00
aul D. Kelly, 422 Randolph Ave., Front Royal, Va. *11/7/77	20 - 3 -	100.00-	100.00
arbara J. Thapke, 126 Clymer Ave., Front Royal, Va. *11/30/77	10 - 3 -	100.00-	100.00
loyd David Tharpe, Jr., 126 Clymer Ave., Front Royal, Va. *11/30/77	10 - 3 -	100.00-	100.00
J. Simonietri, 523 S. Royal Ave., Front Royal, Va. *12/17/77	20	250.00-	250.00
lter H. & Mary A. Duncan, 923 S. Marshall St., Front Royal, Va. *	3 -	100.00-	100.00
arbara W. & Aubrey L. Lillard, 11126 Fairhaven Ct., Fairfax, Va. *	12 -	150.00-	150.00
arbara Lillard, 11126 Fairhaven Ct., Fairfax, Va. *	4 -	50.00-	50.00
argie A. Miller, 106 Abington Dr., Alexandria, Va. *11/25/77			
Mary F. Long, P. O. Box 1395, Front Royal, Va. *	12 -	150.00-	150.00
lvin E. or Stella Stokes, Rt. 615, Front Royal, Va. *	40	500.00-	500.00
S. Cooley, Rt. 1522, Front Royal, Va. *11/17/77	200 - 32 -	400.00-	400.00
lifton M. Miller, Jr., Middleburg, Va. *11/30/77	100 - 40 -	500.00-	500.00
ichael E. Silek, 725 Woodlawn Ave., Front Royal, Va. *	4 -	50.00-	50.00
arl A. & Herle W. Langford, P. O. Box 908, Front Royal, Va. *	160	2,000.00-	2,000.00
oward A. Duncan, 7 N. Royal Ave., Front Royal, Va. *	100	1,250.00-	500.00
ymond Guest, Jr., Rockland, Va. *	40	500.00-	500.00
harles C. Igon, P. O. Box 307, Front Royal, Va. *	100	1,250.00-	500.00
illiam A. Rowie, Rt. 1, Box 150, Front Royal, Va. *	25	312.50-	50.00
lora B. & Douglas E. Hill, 19 Washington Ave., Front Royal, Va. *	40	500.00-	500.00
illiam H. Merchant, 440 Manassas Ave., Front Royal, Va. *	16	200.00-	200.00
elisle C. & Thelma Daugherty, 531 Manassas Ave., Front Royal, Va. *	16	200.00-	200.00
rnold M. Williams, 352 Blue Ridge Ave., Front Royal, Va. *	50	625.00-	500.00
onkeith Kirtley, 909 Williams St., Front Royal, Va. *	50	625.00-	500.00
arvin Stickley, 327 Jamestown Rd., Front Royal, Va. *	8 -	100.00-	100.00
W. William, 10560 Main Street, Fairfax, Va. *	500	6,250.00	1,000.00
amuel Magarly, Browntown, Va. *	50 -	625.00-	500.00
euis Scalock, P. O. Box 403, Front Royal, Va. *	4 -	50.00-	50.00
Charles Martin, 119 Shenandoah Ave., Front Royal, Va. *	20	250.00-	250.00

(Name of Applicant)

Name and Address of Subscriber	Number Of Shares	Total Amount Subscribed	Cash Paid In
Robert L. & Louise K. Clark, Upperville, Va.	40	500.00-	500.00
William Kitter, P. O. Box 144, Front Royal, Va.	100	1,250.00-	137.50
Bernard Stokes, 500 E. Main St., Front Royal, Va.	200	2,500.00-	250.00
Lewis or Lottie J. Kott, 309 Russellcroft Rd., Winchester, Va.	40	500.00-	75.00
J. D. Pohon, 106 E. 7th St., Front Royal, Va.	75	937.50-	937.50
Elvin J. Faugher, 733 W. 14th St., Front Royal, Va.	10	125.00-	13.75
oderick R. Gilliam, 103 Scott St., Front Royal, Va.	20	250.00-	250.00
arlton C. Gilliam, 103 Scott St., Front Royal, Va.	20	250.00-	250.00
heldon S. Gilliam, 103 Scott St., Front Royal, Va.	20	250.00-	250.00
Frank H. & Lottie G. Brumback, Box 474, Rt. 1, Winchester, Va.	200	2,500.00-	1,000.00
James H. Douglas, Rt. 1, Box 475, Winchester, Va.	100	1,250.00-	137.50
James E. Knapp, 2213 Powell Fr., Woodbridge, Va.	30	2,000.00-	150.00
James E. Knapp, 2213 Powell Fr., Woodbridge, Va.	20	250.00-	37.50
John Melain, RD 2, King George, Virginia	100	1,250.00-	137.50
Jack L. & Estelle J. Gilne, 3517 Claremont Lane, Woodbridge, Va.	100	1,250.00-	137.50
ERST CHRYSLER-PLAINT, INC., 27 S. Royal Ave., Front Royal, Va.	300	17,000.00	17,000.00
Martin A. Blazevich, 802 Maple Ave., Sterling, Va. 22170	30	1,000.00-	150.00
Marshall Martin, 32 Elden St., Herndon, Va. 22070	200	2,500.00-	375.00
Robert Novis, III, 10560 Main St., Fairfax, Va.	50	625.00-	93.75
T. Bruce Bach, 10560 Main St., Fairfax, Va.	100	1,250.00-	137.50
E. Kendal Sanders, 10560 Main St., Fairfax, Va.	100	1,250.00-	137.50
George A. Shorter, 15400 Waddock Rd., Centreville, Va.	50	625.00-	93.75
Fred W. & Irene K. Bach, 2336 N. Quantico St., Arlington, Va.	100	1,250.00-	137.50
Mesley R. & Norma F. George, 6117 N. Hogan St., Alexandria, Va.	100	1,250.00-	137.50
Thomas R. & Mary L. Williams, 310 Cable Place, Front Royal, Va.	8-	100.00-	100.00
P. H. Harrington, 10560 Main St., Suite 211, Fairfax, Va.	50	625.00-	93.75
C. L. Athey, 320 Duncan Ave., Front Royal, Va.	100	1,250.00-	137.50
Wiley P. Russell, 2304 Wilson Blvd., Arlington, Va.	200	2,500.00-	375.00
Charlotte Murphy, P. O. Box 338, Front Royal, Va.	100	1,250.00-	137.50
Raymond P. & Frances M. Mitchel, 6690 N. Williamsburg Rd., Arlington, Va. 22213	100	1,250.00-	137.50
William Murphy, P. O. Box 338, Front Royal, Va.	100	1,250.00-	500.00
Al. L. Santrire, 10102 Yale Rd., Vienna, Va.	50	625.00-	93.75
Philip F. Easter, 301 N. Royal Ave., Front Royal, Va.	16	200.00-	200.00
John S. Easter, 301 N. Royal Ave., Front Royal, Va.	16	200.00-	200.00
Philip H. Easter, 301 N. Royal Ave., Front Royal, Va.	8-	100.00-	100.00
Bessie C. Easter, 301 N. Royal Ave., Front Royal, Va.	16	200.00-	200.00
George Carey, Box 1500, Front Royal, Va.	50	625.00	200.00
Margaret E. Gilliam, 509 Warren Ave., Front Royal, Va.	645	3,062.50	1,250.00
Royal Lumber Co., 515 Commerce Ave., Front Royal, Va.	30	1,000.00-	1,000.00
Sara S. Gilliam, 103 Scott St., Front Royal, Va.	20	250.00-	250.00
David L. Wines, 211 Jamestown Rd., Front Royal, Va.	100	1,250.00-	500.00
T. R. Patterson, Rt. 340 North, Front Royal, Va.	40	500.00-	500.00
Richard & Margaret Moies, Rt. 2, Front Royal, Va.	100	1,250.00-	137.50
Rappawan Lumber Co., Inc., B. C. Box 1594, Front Royal, Va.	16	200.00-	100.00
Fred Vaught, 110 Charles St., Front Royal, Va.	100	1,250.00-	200.00
Philip C. Wine, 30 East Jackson St., Front Royal, Va.	500	6,250.00	500.00
Rufus W. Wall, Box 1233, Front Royal, Va.	100	1,250.00-	137.50
Oliver B. Harper, Rt. 3, Box A-120, Front Royal, Va.	100	1,250.00-	137.50
Malcolm S. Jones, 10516 Norman Ave., Fairfax, Va.	200	2,500.00	375.00

Edward Wagoner, 317 Front Street, Front Royal, Va.	100	1,250.00	137.50
Harry L. and Thomas M. Williams, 310 Cable Place, Front Royal, Va.	8	100.00	100.00
William J. Gilliam, Clifton, Virginia	2,000	25,000.00	3,750.00
Andrea G. Gilliam, Clifton, Virginia	2,000	25,000.00	3,750.00
Debra G. Faller, R-R-2 Box 75A, Warrenton, Virginia	100	1,250.00	137.50
Robert Walton, 411 Virginia Ave., Front Royal, Va.	40	500.00	75.00
James Fox, Jr., John Marshall Hwy., Front Royal, Va.	100	1,250.00	137.50
Erwin L. French, Rt. #1, Woodstock, Virginia	100	1,250.00	137.50
William J. Wilkinson, T/A Park Entrance Motor Court, Front Royal Virginia	80	1,000.00	150.00
Lawrence Leonard, Jr., 2350 Fox Hill Road, Culpeper, Va.	100	1,250.00	137.50
Robert D. Chapman, 2350 Fox Hill Road, Culpeper, Va.	50	625.00	93.75
Robert A. Miles, Box 363, Remington, Virginia	200	2,500.00	375.00
Caroline M. Gilliam, 103 Scott St., Front Royal, Virginia	2,000	25,000.00	3,750.00
Donna S. Gilliam, 103 Scott St., Front Royal, Virginia	2,000	25,000.00	3,750.00
Elizabeth J. Whitten, 132 Sherwood Avenue, Front Royal, Va.	50	625.00	93.75
Anna Janelle Whitten, 132 Sherwood Ave., Front Royal, Va.	50	625.00	93.75
Charles York, 216 Grand Ave., Front Royal, Virginia	100	1,250.00	137.50
Charles York, Jr., 216 Grand Ave., Front Royal, Virginia	10	125.00	125.00
Francis Hall, 124 Polk Ave., Front Royal, Virginia	500	6,250.00	937.50
Robert L. Whittle, P. O. Box 550, Front Royal, Virginia	50	625.00	93.75
Sidney H. Veasey, 1115 Summit St., Front Royal, Va.	100	1,250.00	137.50
Lubrey Stokes, 113 East Main St., Front Royal, Va.	100	1,250.00	137.50
Ervin Clem, Box 1154, Front Royal, Virginia	100	1,250.00	137.50
Clifton Good, Box 1445, Front Royal, Virginia	100	1,250.00	137.50
Red Hale, P. O. Box 1428, Front Royal, Virginia	100	1,250.00	137.50
Lubert H. Marlow, Jr., 10 West Main St., Front Royal, Va.	200	2,500.00	375.00
TOTAL	18241	228,012.50	35,750.75

APPLICATION OF A SAVINGS AND LOAN ASSOCIATION
FOR A CERTIFICATE OF AUTHORITY TO BEGIN BUSINESS IN VIRGINIA

FILE IN DUPLICATE

BUREAU OF BANKING
STATE CORPORATION COMMISSION
800 BLANTON BUILDING
RICHMOND, VIRGINIA 23219

Rec'd 12-22-77
\$2,500.00 +

I GENERAL INFORMATION

NAME OF THE ASSOCIATION Front Royal Savings and Loan Association	DATE OF INCORPORATION September 23, 1968
	(X) Stock Association () Mutual Association

LOCATION (Street address, city or town and county, or other identification)

27 South Royal Avenue
Front Royal, Virginia 22630

AMOUNT AND SHARES AUTHORIZED BY ARTICLES OF INCORPORATION

Amount: \$2,000,000.00 Number of shares: 200,000 Par Value: \$ 10.00

proposed amendment to increase shares from 25,000 to 200,000

SUBSCRIPTIONS TO DATE \$ 1,088,962.50	NUMBER OF SHARES SUBSCRIBED 87,117	SUBSCRIPTION PRICE \$12.50
--	---------------------------------------	-------------------------------

NUMBER OF SUBSCRIBERS TO DATE 517	SUBSCRIPTIONS PAID IN CASH \$150,523.50
--------------------------------------	--

NUMBER OF SHARES OFFERED FOR SALE 93,000	EXPECTED SUBSCRIPTIONS ON OPENING DATE 1,162,500	HAS THE APPLICANT PAID ANY FEES OR COMMISSIONS FOR THE SALE OF STOCK? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
--	--	--

NAME ANY INDIVIDUAL OR CORPORATION WHO HELPED WITH THE ORGANIZATION

James M. Thomson, 201 N. Washington Street, Alexandria, Virginia
Forecasting Associates (Dr. Lawrence Pettit), Charlottesville, Virginia
Yount and Hyde, CPA, Winchester, Virginia

HAVE THE APPLICANT'S ORGANIZERS CONTACTED THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION (FSLIC) REGARDING THE INSURANCE OF ACCOUNTS?

☒ Yes ☐ No

WHEN DOES THE APPLICANT EXPECT TO OPEN FOR BUSINESS? (give approximate month and year)

Within thirty (30) days subsequent to approval of insurance of accounts,
or by the middle of the year 1978.

PERSON RESPONSIBLE FOR ORGANIZATION (name, address, and telephone)

David L. Wines
27 South Royal Avenue
Front Royal, Virginia 22630
703-635-7572

II QUARTERS

PROVIDE INFORMATION WITH RESPECT TO THE QUARTERS IN WHICH THE APPLICANT WILL COMMENCE BUSINESS. INDICATE ANY PLANS TO OPEN IN TEMPORARY QUARTERS. SPECIFY ALL THE TRANSACTIONS INVOLVED. INDICATE ESTIMATED IMPROVEMENTS FOR THE LAND OR BUILDING.

The Front Royal Savings and Loan Association plans to construct a building suitable for its needs as a free standing unit. This building will be located on the northwest corner of 6th and Commerce Street (By-pass) and will contain four teller stations, a night depository and drive-up window. This property was acquired by the association some time ago and will enable the association to provide its customers with necessary off-street free parking, contiguous to its office. The anticipated cost of this improvement is \$120,000.00 including on-site improvements. The association has budgeted \$51,250.00 for furniture, fixtures and equipment.

An existing on-site structure is available to provide temporary quarters for the association, if necessary, although the association does not plan to utilize the structure in any way. The association plans to raze the existing on-site structure prior to beginning business. However, \$2,500.00 has been budgeted to provide temporary quarters in the event they become necessary.

NAME AND ADDRESS OF SELLER OR LESSOR	EXPIRATION DATE OF LEASE
The site is owned by the Association. It was purchased from parties unrelated to any of the directors or organizers of the Association.	N/A

IS SELLER OR LESSOR RELATED OR CONNECTED IN ANY WAY WITH THE APPLICANT?

☒

No

☐

Yes If yes explain:

III INVESTMENT IN FURNITURE, FIXTURES & EQUIPMENT

(show estimates by an asterisk)

ITEM	No. of Units	Total Cost	Annual Rental
Vault door(s)	one (1)	\$ 3,500.00	N/A
Safe(s)	one (1)	2,000.00	N/A
Safe deposit boxes	N/A	N/A	N/A
Counter and cage fixtures	four (4)	6,000.00	N/A
Drive-in teller's windows	one (1)	*5,000.00	N/A
Security equipment (alarm and camera)	one (1)	4,900.00	N/A
Computer terminal	one (1)	*13,000.00	N/A
Night deposit box	one (1)	*1,000.00	N/A
Calculators (4), Typewriters (2), Checkwriters (1)	four (4), two (2), and one (1)	*1,850.00	N/A
Exterior sign	one (1)	*3,000.00	N/A
Desk (3), File cabinets (4), conference tables, chairs, misc.		7,000.00	N/A
Miscellaneous appointments including carpets & drapes		4,000.00	N/A
TOTAL		\$51,250.00	

ESTIMATED ORGANIZATIONAL EXPENSES

NATURE OF EXPENSE	AMOUNT
1. Attorney Fees James M. Thomson	\$ 7,500.00
2. Consultant Fees Forecasting Associates (2500) Yount & Hyde-CPA - 1000)	3,500.00
3. Salaries (preopening)	11,000.00
4. Advertising (preopening)	2,500.00
5. Other (detail those in excess of \$1,000)	
a. Fee to Treasurer of Virginia	2,500.00
b. Miscellaneous opening expenses	1,000.00
c.	
d.	
TOTAL	\$ 28,000.00

HOW WILL THE ABOVE EXPENSES BE PAID?

Organizational expenses will be paid from funds allocated to paid in surplus.

V ADEQUACY OF CAPITAL STRUCTURE

AMOUNT OF SAVINGS PLEGGED TO DATE	NUMBER OF PERSONS WHO PLEDGED SAVINGS TO DATE
- 0 -	- 0 -

ESTIMATED SAVINGS AT THE END OF THE FIRST THREE YEARS OF OPERATION

FIRST YEAR: \$850,000 Second Year: \$1,450,000 Third Year: \$2,050,000

EXPECTED SUBSCRIPTIONS ON OPENING DATE	CREDIT TO CAPITAL STOCK	CREDIT TO SURPLUS
\$ 1,162,500.00	\$ 930,000.00	\$ 232,500.00

WHAT IS THE ATTITUDE OF THE PROPONENTS TOWARD SUPPLYING ADDITIONAL CAPITAL?

The proponents are willing to supply additional capital to the association, if needed. The proponents are advised that the initial capitalization of the association is in excess of the capital requirements of the insuring agency.

OUTLINE CASH DIVIDEND POLICIES TO BE FOLLOWED AFTER THE ASSOCIATION BECOMES PROFITABLE.

The cash dividend policy to be followed by the association after profitability is achieved will provide for the accumulation of earnings by the association to meet future anticipated growth contingencies. The association does not plan to pay dividends within the first five (5) years of its existence.

V ADEQUACY OF CAPITAL STRUCT. (continued)

LIST ALL DIRECTORS AND OFFICERS. IN ADDITION, NON-DIRECTOR SUBSCRIBERS \$10,000 AND OVER

NAME	POSITION IN THE ASSOCIATION	SHARES SUBSCRIBED	TOTAL COST	CASH PAID IN	AMOUNT BORROWED
✓ 1. Samuel J. Baggarly	Director	3,000	\$37,500.00	\$ 2,500.00	None
2. Charles D. Baumgardner	None	1,000	12,500.00	1,000.00	None
3. R. L. Brown	None	1,000	12,500.00	500.00	None
✓ 4. Frank H. Brumback	Director	3,750	46,875.00	3,500.00	None
Walter Lynn					
5. Campbell	None	1,200	15,000.00	1,200.00	None
Carolyn M. Chapman					
6. J. French Chapman	None	1,500	18,750.00	1,500.00	None
✓ 7. Kent E. Coons	Director	3,000	37,500.00	2,500.00	None
8. Lucille R. Curl	None	1,000	12,500.00	2,000.00	None
✓ 9. Kathryn F. Gilliam	None	1,000	12,500.00	375.00	None
✓ 10. Margaret E. Gilliam	None	4,000	50,000.00	8,250.00	None
✓ 11. Ronald S. Gilliam	Director	2,000	25,000.00	2,500.00	None
✓ 12. J. William Gilliam	Director	3,750	46,825.00	4,750.00	None
13. Thomas W. Grove	None	800	10,000.00	1,000.00	None
✓ 14. Francis D. Hall	Director	3,750	46,875.00	2,500.00	None
15. Beaulah H. M. Lee	None	1,000	12,500.00	2,000.00	None
George I., and Ruth					
16. Ann Poe	None	1,000	12,500.00	2,000.00	None
17. Edward N. Powell	None	1,000	12,500.00	1,000.00	None
18. Charles A. Rowland	None	1,000	12,500.00	2,000.00	None
✓ 19. Royal Lumber Co., Inc	None	960	12,000.00	12,000.00	None
20. Richard J. Smith	None	1,000	12,500.00	1,000.00	None
✓ 21. Arnold M. Williams	Director	1,000	12,500.00	2,500.00	None
✓ 22. David L. Wines	Director	2,000	25,000.00	2,000.00	None
23.					
24.					
25.					
26.					
27.					
28.					
29.					
30.					
31.					
32.					
33.					
34.					
35.					
36.					

VI FUTURE EARNINGS PROSPECTS

A. ESTIMATED AVERAGE SAVINGS AND AVERAGE ASSETS

DESCRIPTION	AVERAGE DURING		
	FIRST YEAR	SECOND YEAR	THIRD YEAR
Average savings deposits	\$ 550,000	\$ 1,050,000	\$ 1,750,000
Capital paid in	1,162,500	1,152,394	1,117,353
Total Estimated Average Assets	\$ 1,712,500	\$ 2,202,394	\$ 2,923,353

B. ESTIMATED INCOME AND EXPENSES

DESCRIPTION	ESTIMATED AMOUNT		
	FIRST YEAR	SECOND YEAR	THIRD YEAR
Gross income/8.3/4 % of total estimated average assets)	149,844	192,709	255,793
EXPENSES:			
1. Salaries and benefits	60,000	63,000	75,000
2. Interest on savings deposits (6.5%)	35,750	68,250	113,750
3. Net occupancy expense (details below)	9,000	10,900	11,800
4. Furniture & equipment (depreciation, rental, etc.)	10,000	10,000	10,000
5. Other operating expenses:			
Advertising	6,000	6,000	4,000
Telephone	1,200	1,400	1,400
Legal	1,500	1,000	1,000
Postage	1,000	1,200	1,500
Computer services	2,000	4,000	6,000
Miscellaneous (Audit, Insurance, fees, temp. qtrs.)	5,500	4,000	4,000
6. Net organization expenses (1st year only)	28,000		
Total estimated expenses	159,950	171,750	228,450
ESTIMATED NET PROFIT OR (LOSS)	(10,106)	20,959	27,343
OCCUPANCY:			
Rent	n/a	n/a	n/a
Depreciation St. line - 40 years	3,000	3,000	3,000
Repairs	1,000	1,000	1,000
Maintenance (including building staff salaries)	600	700	800
Insurance	1,200	1,300	1,400
Taxes on real estate	1,000	2,500	3,000
Utilities (heat, light, power, etc.)	2,000	2,200	2,400
Other occupancy costs	200	200	200
Total occupancy expenses	9,000	10,900	11,800
Less: Rental Income			
Net Occupancy Cost (should agree with line 3 above)	9,000	10,900	11,800

VII PUBLIC INTEREST

INSTRUCTIONS: Answer in detail. Applicants are encouraged to furnish additional information on a separate paper to prove that granting of the certificate will be in the public interest.

A. PROVIDE A STATEMENT ON THE SAVINGS AND LOAN SERVICES TO BE OFFERED.

Deposits - The Front Royal Savings and Loan proposes to offer a wide range of savings accounts to include regular passbook accounts, ~~notice passbook accounts~~, and savings certificates of deposit for terms up to 6 years. The rates will vary from 5 1/4% on regular passbook savings accounts to 7 3/4% on 6 year certificates of deposit. Interest will be compounded continuously.

Loans - The Front Royal Savings and Loan will offer first year mortgage loans on owner-occupied residential property within the County of Warren and adjacent counties in amounts up to \$55,000.00 at competitive rates. In addition, the Front Royal Savings and Loan proposes to make a limited number of student, commercial and home improvement loans. The investment of the association assets will be in loans secured as provided by Section 6.1-195.34 with emphasis on those loans qualifying for purchase by the Federal Home Loan Mortgage Corp.

B. PROVIDE A STATEMENT ON THE SAVINGS AND LOAN SERVICES TO BE OFFERED.

The Front Royal Savings and Loan proposes to provide a full range of savings and loan services to include KEOGH plans and IRA retirement savings accounts, transmatic services, free notary services, pre-checking accounts for business customers, payroll deduction plans saving account loans, and free traveler's checks for all customers. In addition, special services will be provided for our senior citizens, such as, a sit down teller and bill-pay services. A drive-in window will be provided as well as off street parking for our customers. Additionally we plan to provide a night depository.

C. STATE THE DAYS AND HOURS THAT THE PROPOSED ASSOCIATION WILL BE OPEN FOR BUSINESS. STATE THE DAYS AND HOURS THAT DRIVE IN FACILITIES, IF ANY, WILL BE OPEN FOR BUSINESS.

Front Royal Savings and Loan proposes regular operating hours: Monday through Thursday: 8:00 a.m. to 2:00 p.m. and 4:00 p.m. to 6:00 p.m. Friday: 8:00 a.m. to 2:00 p.m. and 4:00 p.m. to 8:00 p.m. and Saturday: 8:00 a.m. to 3:00 P.M.

D. DESCRIBE THE SERVICES PROVIDED BY OTHER ASSOCIATIONS WITHIN THE PROPOSED TRADE AREA INCLUDING THE INTEREST RATES PAID FOR DIFFERENT SAVINGS ACCOUNTS AND THE INTEREST RATES CHARGED FOR DIFFERENT LOANS. STATE HOW THE PROPOSED ASSOCIATION WILL DIFFER IN THE QUANTITY, QUALITY AND SERVICES TO BE OFFERED.

The only other savings and loan association in the trade area is the First Federal Savings and Loan Association of Front Royal. Its current interest rates are reflected by the following table.

Percentage Rate Compounded Quarterly	
5 and 1/4	Passbook savings
5 and 3/4	90-Day savings certificate, \$1,000.00 Min.
6 and 1/2	One-Year savings certificate, \$1,000.00 Min.
6 and 3/4	Two and 1/2 Year-savings certificate, \$1,000 Min.
7 and 1/2	Four-Year savings certificate, \$1,000.00 Min.
7 and 3/4	Six-Year savings certificate, \$1,000.00 Min.

Currently, this association is offering first mortgage loans at approximately 9 and 1/2% plus over a twenty-five year term. Financing is available to some local builders at 9 and 1/2% plus points.

By compounding interest continuously the association will be providing a substantial increase in return to the community saver. The accessibility of the association's main office to vehicular traffic, a drive-in window, and longer, more convenient hours are a meaningful addition to services currently being offered in the applicants trade area. The special emphasis and recognition of the needs of the senior citizens and educational loans to deserving students will greatly benefit those in our community thereby adding to the quality of their lives and providing a substantial benefit to the community. Our association will bring competition to our community and discourage concentration of community financial resources.

VII PUBLIC INTEREST (co. (ued)

E. PROVIDE THE FOLLOWING GROWTH INDICATORS OF THE CITY, OR COUNTY, OR METROPOLITAN AREA WITH-
IN WHICH THE PROPOSED ASSOCIATION WILL BE LOCATED AND GIVE SOURCE OF INFORMATION.

ITEM	SOURCE	PAST FIVE YEARS (Indicate Year)				
		197_2	197_3	197_4	197_5	197_6
Population	(July 1, 1977) Tayloe Murphy Institute	16.6	17.0	17.9	18.4	18.7
Employment	Virginia Employment Commission (beginning 3/73)	N/A	5728	5754	5777	5624
(Housing Units Auth.)						
Building Permits	Tayloe Murphy Institute	374	431	762	390	145*
(Housing Units Auth.)						
Total Value of Building Permits	Tayloe Murphy Institute	4.450M	6.902M	12.789M	7.009M	4.188M*
Income Per Capita	Taylor Murphy Institute	3997	4830	5010	5113	N/A
Retail Sales	Virginia Department of Taxation	33.92M	37.96M	45.77M	44.15M	50.18M
Banking Deposits (GROSS ASSETS)	FDIC	32.745M	37.828M	42.901M	47.128M	52.280M
Savings In Savings & Loan Institutions	FHLBB - Atlanta, Georgia	3.313M	4.071M	5.271M	7.282M	N/A

**See below--

F. GIVE DETAILS REGARDING RECENT AND PROPOSED HOUSING CONSTRUCTION (single family units and multiple units), MORTGAGE ARRANGEMENTS AND TERMS, AVERAGE VALUES OF EXISTING HOUSING, THE DEMAND FOR HOUSING, RECENT AND PROPOSED CONSTRUCTION OF SHOPPING CENTERS AND INDUSTRIAL PLANTS, INCOME AND EMPLOYMENT LEVELS, TRAFFIC PATTERNS, ETC.

** Bldg. Permits Department of Bldg.
Inspections-County of Warren -- -- 554 479 462
(Thru 11/30/77 - 463)

Value of Bldg. permits -- -- 9.710M 7.264M 11.352M
(Thru 11/30/77 - 13.454)

F. Interstate 66 is scheduled at this time to be completed in mid 1979. The completion of this artery will substantially reduce the commuting time from Warren County to the Washington, D.C. metropolitan area. This will add to the already substantial demand for housing in the applicant's trade area.

E.I. DuPont DeNemours & Co. of Wilmington, Delaware has under contract to purchase 175 acres of land in Warren County. The Co. has requested rezoning to permit the construction of a plant employing up to 300 people. The town manager has advised DuPont that water and sewer treatment facilities can be extended to service this new facility.

Presently under construction in the Royal Plaza Shopping Center is a much larger and expanded Safeway Food Store. Construction activity on the approaches to Front Royal proper include a new High's Dairy Store, McDonald's, Burger Chef, and Round-up Steak House.

Warren County recently rezoned a large tract of land for industrial uses to be served by I-66 just to the north of the Front Royal town limits. Another industrial site to the east of Front Royal is the subject of an annexation suit which has as its purpose the extending of sewer facilities to that site. Community sewerage treatment facilities are being greatly increased.

VII PUBLIC INTEREST (continued)

C. LIST ALL THE FINANCIAL INSTITUTIONS WHOSE TRADE AREA IS OR OVERLAPS WITH THE PROPOSED TRADE AREA. INCLUDE ALL BANKS AND SAVINGS AND LOAN ASSOCIATIONS.

NAME AND LOCATION	YEAR ESTABLISHED	DISTANCE & DIRECTION	IN THOUSANDS OF DOLLARS			
			DATE OF STATEMENT	LOANS	DEPOSITS	CAPITAL & RESERVES
Farmers and Merchants National Bank	1902	.6 mi. N	12/31/76	N/A	25.340 M	N/A
Main Street Branch		.8 mi. N				
Royal Ave. (Town Hall)		.6 mi. S				
Royal Ave.		.8 mi. N				
Royal Plaza Shopping		.1 mi. S				
Bank of Virginia-Warren	1972*	.4 mi. S	12/31/76	16.789 M	24.009 M	2.250 M
Main Street Branch		.7 mi. S				
Royal Ave. Branch		1.5 mi. S				
Peoples Bank of Front Royal	1973	.9 mi. N	12/31/76	3.577 M	5.081 M	.494 M
First Federal Savings and Loan	1965	.6 mi. N	12/31/75	Gross Assets		7.282 M

*Bank of Warren merged with Bank of Virginia

CERTIFICATION

The undersigned, being all the directors of the applicant, certify that the statements contained in this application are true to the best of our knowledge and belief.

Print or type name

Signature

Ronald S. Gilliam

Ronald S. Gilliam

Samuel J. Baggarly

Samuel J. Baggarly

Kent E. Coons

Kent E. Coons

Frank H. Brumback

Frank H. Brumback

Arnold M. Williams

Arnold M. Williams

David L. Wines

David L. Wines

Francis D. Hall

Francis D. Hall

J. William Gilliam

J. William Gilliam

Dated December 21, 1977.

014

See Shonda Andrew Miller

APPLICATION OF A SAVINGS AND LOAN ASSOCIATION

FOR A CERTIFICATE OF AUTHORITY TO BEGIN BUSINESS IN VIRGINIA

FILE IN DUPLICATE
#2,500 recd. 12-8-78 *gt*

BUREAU OF BANKING
STATE CORPORATION COMMISSION
800 BLANTON BUILDING
RICHMOND, VIRGINIA 23219

I GENERAL INFORMATION

NAME OF THE ASSOCIATION SHENANDOAH SAVINGS & LOAN ASSOCIATION		DATE OF INCORPORATION November 3, 1977	
NAME CHANGE PROPOSED FOR AMENDMENT TO ARTICLES TO "		(X) Stock Association () Mutual Association	
LOCATION (Street address, city or town and county, or other identification) U.S. Routes 522 and 55 Front Royal, Virginia			
AMOUNT AND SHARES AUTHORIZED BY ARTICLES OF INCORPORATION Amount: \$ 1,200,000 Number of shares: 100 Par Value: \$ 10.00			
SUBSCRIPTIONS TO DATE \$ 1,000,000	NUMBER OF SHARES SUBSCRIBED 80,000	SUBSCRIPTION PRICE \$ 12.50	
NUMBER OF SUBSCRIBERS TO DATE 525		SUBSCRIPTIONS PAID IN CASH \$ 100,000 (10% of total subscriptions)	
NUMBER OF SHARES OFFERED FOR SALE 80,000	EXPECTED SUBSCRIPTIONS ON OPENING DATE 1,100,000	HAS THE APPLICANT PAID ANY FEES OR COMMISSIONS FOR THE SALE OF STOCK? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

NAME ANY INDIVIDUAL OR CORPORATION WHO HELPED WITH THE ORGANIZATION

Andrew P. Miller, Esquire
Mays, Valentine, Davenport & Moore
F & M Center
Richmond, Virginia

Technical Associates
Fidelity Bldg.
830 East Main Street
Richmond Virginia

HAVE THE APPLICANT'S ORGANIZERS CONTACTED THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION (FSLIC) REGARDING THE INSURANCE OF ACCOUNTS?

☒ Yes

☐ No

WHEN DOES THE APPLICANT EXPECT TO OPEN FOR BUSINESS? (give approximate month and year)

within 30 days of approval of insurance of accounts

PERSON RESPONSIBLE FOR ORGANIZATION (name, address, and telephone)

Eric E. Adamson, Attorney
P.O. Box 325
Front Royal, VA 22630
(703) 635-7166

FEB 8 4 44 PM
FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION
WASHINGTON, D.C.

(II QUARTERS)

PROVIDE INFORMATION WITH RESPECT TO THE QUARTERS IN WHICH THE APPLICANT WILL COMMENCE BUSINESS. INDICATE ANY PLANS TO OPEN IN TEMPORARY QUARTERS. SPECIFY ALL THE TRANSACTIONS INVOLVED. INDICATE ESTIMATED IMPROVEMENTS FOR THE LAND OR BUILDING.

Shenandoah Savings & Loan has an option to purchase or land lease whichever is determined by the Board to be more financially advantageous, 1/2 acres of land near the intersection of U.S. Routes 522 and 55 adjacent to Front Royal's only Shopping Center, the Royal Plaza. The Savings & Loan plans to construct a free standing unit of approximately 2,000 square feet for its offices and will have drive-in facilities, a night depository and teller stations. The anticipated cost of the building is approximately \$250,000 including fixtures.

NAME AND ADDRESS OF SELLER OR LESSOR	EXPIRATION DATE OF LEASE
Land Futures, Inc. (Not related to any Warrenton, VA stockholder of director)	option to purchase or lease on 10 year renewals

IS SELLER OR LESSOR RELATED OR CONNECTED IN ANY WAY WITH THE APPLICANT?

☒ No

☐ Yes If yes explain:

(show estimates by an asterisk)

ITEM	No. of Units	Total Cost	Annual Rental
bullet door(s)			
safe(s)	1	7,500.00	
safe deposit boxes	none		
counter and cage fixtures	4	6,000.00	
drive-in teller's windows	1	3,500.00	
security equipment		5,000.00	
FURNITURE		5,000.00	
COMPUTER TERMINAL		12,500.00	
TOTAL		39,500.00	

1. ESTIMATED ORGANIZATIONAL EXPENSES

NATURE OF EXPENSE	AMOUNT
1. Attorney Fees	\$ 7,500.00
2. Consultant Fees	3,500.00
3. Salaries (preopening)	5,000.00
4. Advertising (preopening)	2,500.00
5. Other (detail those in excess of \$1,000)	3,500.00
a.application fee to Treasurer of Virginia	(2,500.00)
b.other	(1,000.00)
c.	
d.	
TOTAL	\$22,000.00

HOW WILL THE ABOVE EXPENSES BE PAID?

If Certificate of Authority is denied Board of Directors will assume responsibility for the expenses of organization.

V ADEQUACY OF CAPITAL STRUCTURE

AMOUNT OF SAVINGS PLEDGED TO DATE	NUMBER OF PERSONS WHO PLEDGED SAVINGS TO DATE
none	none

ESTIMATED SAVINGS AT THE END OF THE FIRST THREE YEARS OF OPERATION

FIRST YEAR: \$1,500,000 Second Year: \$2,500,000 Third Year: \$3,500,000

EXPECTED SUBSCRIPTIONS ON OPENING DATE	CREDIT TO CAPITAL STOCK	CREDIT TO SURPLUS
\$ 1,100,000	\$ 880,000	\$220,000

WHAT IS THE ATTITUDE OF THE PROPONENTS TOWARD SUPPLYING ADDITIONAL CAPITAL?

The proponents are willing to supply any additional capital that may be required.

OUTLINE CASH DIVIDEND POLICIES TO BE FOLLOWED AFTER THE ASSOCIATION BECOMES PROFITABLE.

It is expected that no dividends will be paid in the first several years. Once profits and capital structure are secure it is expected that dividends will be paid by the association.

ADEQUACY OF CAPITAL STRUCTURE (continued)

LIST ALL DIRECTORS AND OFFICERS. IN ADDITION, NON-DIRECTOR SUBSCRIBERS \$10,000 AND OVER

NAME	POSITION IN THE ASSOCIATION	SHARES SUBSCRIBED	TOTAL COST	CASH PAID IN	AMOUNT BORROWED
1. Eric E. Adamson	President Director	400	\$5,000	\$500	none
2. Charles G. Russell	Vice-President Director	480	\$6,000	\$600	none
3. William F. Pumphrey	Secretary Director	1,000	12,500	\$1,250	none
4. Kermit W. Nichols	Treasurer Director	1,000	12,500	\$1,250	none
5. Ottmar H. Dengel	Director	1,000	12,500	\$1,250	none
6. James L. Fox, Jr.	Director	1,000	12,500	\$1,250	none
7. Bradley K. Haynes	Director	495	6,187.50	\$618.75	none
8. Charles M. Huber	Director	100	1,250	\$125	none
9. Edward M. Mathews	Director	500	6,250	\$625	none
10. James E. Williams	Director	1,000	12,500	\$1,250	none
11. Philip E. Wine	Director	500	6,250	\$625	none
12. Charles E. Yates		1,000	12,500	\$1,250	none
13. John Affleck		1,000	12,500	\$1,250	none
14. Gisela Dengel		800	10,000	\$1,000	none
15. W. Allen Nichols		1,000	12,500	\$1,250	none
Shen. Anesthesia Services		1,000	12,500	\$1,250	none
16. c/o Raymond H. Johns		1,000	12,500	\$1,250	none
17. J.W. Bryant		1,000	12,500	\$1,250	none
18. Richard N. Brooke		1,000	12,500	\$1,250	none
19. Alf S. Gunnerson, Jr.		1,000	12,500	\$1,250	none
20. Gary K. Olsen		1,000	12,500	\$1,250	none
21. Edward F. Greco		1,000	12,500	\$1,250	none
22. LeHew Drilling Co.		1,000	12,500	1,250	none
23. L.A. Elliott III		1,000	12,500	1,250	none
24. Carlin L. Smith		800	10,000	\$1,000	none
25. H.E. Morrison		970	12,125	\$1,212.50	none
26. J.S. Cooley		1,000	12,500	1,250	none
27. AL & Barbara Ruff		1,000	12,500	1,250	none

28. Robert B. Young		2,000	25,000	2,500	none
29. Allen J. Thomason		1,000	12,500	1,250	none
30. Beatrice F. Thomason		1,000	12,500	1,250	none
31. Dr. Byron B. Timberlake		1,000	12,500	1,250	none
32. Mrs. John M. Wine		1,000	12,500	1,250	none
33. J. Robert Bronson		1,000	12,500	1,250	none
Margaret L. or					
34. Charles D. Calhoun		800	10,000	1,000	none
35.					
36.					

A. ESTIMATED AVERAGE SAVINGS AND AVERAGE ASSETS

DESCRIPTION	AVERAGE DURING		
	FIRST YEAR	SECOND YEAR	THIRD YEAR
average savings deposits	\$1,000,000	\$2,000,000	\$3,000,000
capital paid in	750,000	748,600	792,950
Total Estimated Average Assets	\$1,750,000	\$2,748,600	\$3,792,950

B. ESTIMATED INCOME AND EXPENSES

DESCRIPTION	ESTIMATED AMOUNT		
	FIRST YEAR	SECOND YEAR	THIRD YEAR
income @ 9% of total estimated average assets	157,500	247,400	341,350
EXPENSES:			
Salaries and benefits	44,000	48,400	53,240
Interest on savings deposits @ 6%	60,000	120,000	180,000
Net occupancy expense (details below)	9,200	9,750	10,300
Furniture & equipment (depreciation, rental, etc.)	2,500	2,500	2,500
Other operating expenses:			
Advertising	3,000	3,000	3,000
Telephone	1,200	1,300	1,400
Legal	1,000	1,000	1,000
Postage	1,000	1,100	1,200
Computer services	2,500	3,000	3,500

Miscellaneous (capital taxes & audit fees, etc.)	12,500	13,000	13,500
Net organization expenses (1st year only)	22,000		
estimated expenses	158,900	203,050	269,640
ESTIMATED NET PROFIT OR (LOSS)	(1,400)	44,350	71,710
SPANCY:	0	0	0
preciation	2,700	2,700	2,700
pairs	500	600	700
intenance (including building staff salaries)	600	600	600
urance	1,000	1,100	1,200
xes on real estate	1,500	1,750	2,000
ilities (heat, light, power, etc.)	2,400	2,500	2,600
her occupancy costs	500	500	500
l occupancy expenses	9,200	9,750	10,300
: Rental Income			
t Occupancy Cost (should agree with			

*The left sides of
these next 3 pages
were already cut off.*
f

VII PUBLIC INTEREST

INSTRUCTIONS: Answer in detail. Applicants are encouraged to furnish additional information on a separate paper to prove that granting of the certificate will be in the public interest.

A. PROVIDE A STATEMENT ON THE SAVINGS AND LOAN SERVICES TO BE OFFERED.

Full service to be offered: mortgage loans, home-improvement loans, loans on savings accounts

The rates of mortgage loans will be competitive with the rates charged by other loan institutions in the area. The rate on home-improvement loans will be at industry standard rates and loans on savings accounts will be at 1 1/2% over passbook savings. The rates offered on deposits will be the maximum permitted by law, interest will be compounded continuously.

B. PROVIDE A STATEMENT OF OTHER SERVICES TO BE OFFERED.

Education loans under Virginia Code 6.1-195.34 (M)

Christmas Club

Money Orders

Travelers Checks

IRA and Keogh Accounts

Transmatic Services

Drive-In Facilities

Ramps for Handicapped Customers

C. STATE THE DAYS AND HOURS THAT THE PROPOSED ASSOCIATION WILL BE OPEN FOR BUSINESS. STATE THE DAYS AND HOURS THAT DRIVE-IN FACILITIES, IF ANY, WILL BE OPEN FOR BUSINESS.

9:00 a.m. - 6:00 p.m. Monday - Thursday

9:00 a.m. - 2:00 p.m. and 4:00 p.m. - 8:00 p.m. - Friday

9:00 a.m. - 1:00 p.m. - Saturday

D. DESCRIBE THE SERVICES PROVIDED BY OTHER ASSOCIATIONS WITHIN THE PROPOSED TRADE AREA INCLUDING THE INTEREST RATES PAID FOR DIFFERENT SAVINGS ACCOUNTS AND THE INTEREST RATES CHARGED FOR DIFFERENT LOANS. STATE HOW THE PROPOSED ASSOCIATION WILL DIFFER IN THE QUANTITY, QUALITY AND SERVICES TO BE OFFERED.

The services provided by the other savings and loan association in Front Royal is competitive with the services to be offered by Shenandoah, however Shenandoah is a capital-stock association and the only existing savings and loan is a federal mutual association. Shenandoah Savings & Loan will be offering a drive-in facility not available with the existing Savings & Loan as well as on-site parking. Longer and more convenient hours are significant addition to public welfare (AVTEX, the employer of a significant Front Royal citizens runs three 8-hour shifts from 7:00 a.m. - 3:30 p.m.; 3:30 p.m. - 12:00 p.m.; and 12:00 p.m. - 7:00 a.m.). The present Federal Savings & Loan Association hours are 9:00 a.m. - 3:00 p.m. Monday through Thursday and 9:00 a.m. - 2:00 p.m. and 4:00 p.m. - 7:00 p.m. Friday with no Saturday Hours.

The present interest rates paid by First Federal Savings are as follows:

Passbook	5 1/2 %
90 day certificate (\$1,000 min)	5 3/4 %
one-year certificate (\$1,000 min)	6 1/2 %
two 1/2 year certificate (\$1,000 min)	6 3/4 %
four year certificate (\$1,000 min)	7 1/2 %
six year certificate (\$1,000 min)	7 3/4 %

At present First Federal's mortgage loans are offered at 9 1/2 % with additional points over a 25 year term. Only within the past several months have VA & FHA Federally guaranteed loans been offered.

VII PUBLIC INTEREST (continued)

PROVIDE THE FOLLOWING GROUPED INDICATORS OF THE CITY, OR COUNTY, OR METROPOLITAN AREA WITHIN WHICH THE PROPOSED ASSOCIATION WILL BE LOCATED AND GIVE SOURCE OF INFORMATION.

ITEM	SOURCE	PAST FIVE YEARS (Indicate Year)				
		1976	1975	1974	1973	1972
Population	Tayloe Murphy Inst.	18,700	18,400	17,900	17,000	16,600
Employment	Va. Employ. Comm.	7,395	8,221	7,517	7,537	
Building Permits	Tayloe Murphy Inst.	462	390	762	431	37
Value of Building Permits	Tayloe Murphy Inst.	11,360	7,010	12,790	6,903	4,45

me Per Capita	Sales Management	\$5,061	\$3,887	\$3,785	\$3,311	\$3,061
il Sales (000)	Sales Management	\$48,062	\$44,505	\$41,552	\$50,161	\$41,570
ing Deposits (000)	F.D.I.C.	\$52,280	\$47,028	\$42,901	\$37,828	\$32,745
ngs In Savings & Institutions (000)	F.S.L.I.C.	\$7,063	\$5,418	\$4,217	\$3,469	\$2,511

ADDITIONAL DETAILS REGARDING RECENT AND PROPOSED HOUSING CONSTRUCTION (single family units and multiple units), MORTGAGE ARRANGEMENTS AND TERMS, AVERAGE VALUES OF EXISTING HOUSING, THE DEMAND FOR HOUSING, RECENT AND PROPOSED CONSTRUCTION OF SHOPPING CENTERS AND INDUSTRIAL PLANTS, INCOME AND EMPLOYMENT LEVELS, TRAFFIC PATTERNS, ETC.

The organizers have retained Technical Associates, Inc. to conduct a feasibility study and assist in the economic aspects of the application. A copy of their feasibility study is included with this application and contains the information contained in paragraph F.

VII PUBLIC INTEREST (continued)

LIST ALL THE FINANCIAL INSTITUTIONS WHOSE TRADE AREA IS OR OVERLAPS WITH THE PROPOSED TRADE AREA. INCLUDE ALL BANKS AND SAVINGS AND LOAN ASSOCIATIONS.

NAME AND LOCATION	YEAR ESTABLISHED	DISTANCE & DIRECTION	IN THOUSANDS OF DOLLARS			
			DATE OF STATEMENT	LOANS	DEPOSITS	CAPITAL & RESERVES
Bank of Va.-Warren	1872		6/30/77	16,287	25,356	2,309
307 E. Main St.	1872	.7	6/30/76		21,844	
610 N. Royal Ave.	1966	1.9	6/30/76		806	
Farmers & Merchants National Bank						
(br. of Winchester)	1929		6/30/77	83,145	137,381	9,870
433 South St.	1969	.2	6/30/76		1,848	
102 E. Main St.		.9	6/30/76		19,172	
215 N. Royal Ave.		1.0	6/30/76		4,320	
Peoples Bank of Front Royal						
232 N. Royal Ave.	1973	1.3	6/30/77	4,059	5,970	512
First Federal S&L of Front Royal						
1 S. Royal Ave.	1963	.95	12/31/76	7,582	7,368	

CERTIFICATION

The undersigned, being all the directors of the applicant, certify that the statements contained in this application are true to the best of our knowledge and belief.

Print or type name

Eric E. Adamson

Charles G. Russell

William F. Pumphrey

Kermit W. Nichols

Ottmar H. Dengel

James L. Fox, Jr.

Bradley K. Haynes

Charles M. Huber

Edward M. Mathews

James E. Williams

Phillip E. Wine

Signature

Eric E. Adamson

Charles G. Russell

William F. Pumphrey

Kermit W. Nichols

Ottmar H. Dengel

James L. Fox, Jr.

Bradley K. Haynes

Charles M. Huber, M.D.

Edward M. Mathews

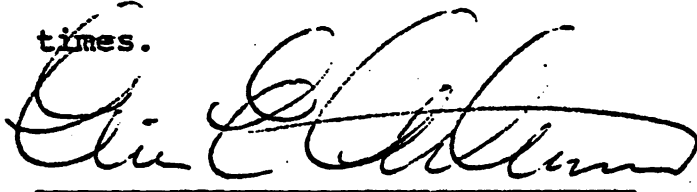
James E. Williams


Phillip E. Wine

Dated February 7, 1978.


C E R T I F I C A T E

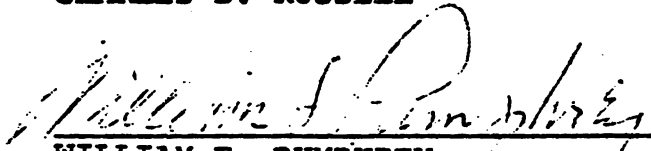
The undersigned Directors do certify and acknowledge that they have read and booklet prepared by the Bureau of Banking concerning their responsibilities as Directors of a Savings and Loan Institution and shall faithfully strive to fulfill all of their duties and responsibilities at all times.


ERIC E. ADAMSON


JAMES L. FOX, JR.


CHARLES B. RUSSELL


BRADLEY K. HAYNES


WILLIAM F. PUMPHREY


DR. CHARLES M. HUBER


KERMIT W. NICHOLS


EDWARD M. "TED" MATHEWS


DR. OTTMAR H. DENGEL


JAMES E. WILLIAMS, D.D.S.


PHILLIP E. WINE, D.D.S.

SECOND OFFERING CIRCULAR

By hand
Jan 26, 1974

Second Offering: 20,000 Shares
(First Offering of 60,000 Shares
Fully Subscribed.)

**SHENANDOAH
SAVINGS & LOAN
ASSOCIATION**
(in organization)

COMMON STOCK
(\$10 par value)

Subscription price \$12.50 per share

Mailing address:
Post Office Box 325
Front Royal, Virginia 22630

This offering is not subject to Securities and Exchange Commission registration.

All of the directors of Shenandoah Savings & Loan are residents of the Front Royal area and most have their place of business in Front Royal. The officers are: Eric E. Adamson, president; Charles B. Russell, vice president; William F. Pumphrey, secretary; and Kermit W. Nichols, treasurer.



ERIC E. ADAMSON, Attorney, is the owner of the Front Royal law firm of Eric E. Adamson, P.C. A graduate of the University of Virginia (B.A., J.D.) and George Washington University (L.L.M.), he is a member of the following Bar Associations: Virginia, American, and Front-Royal-Warren County. He is a director of the Front Royal Rotary Club and the Northern Virginia Lung Association, and is a Trustee of Warren Memorial Hospital. He resides with his wife, Dana, and two children on Happy Creek Road in Front Royal.

CHARLES B. RUSSELL attended the University of Delaware and George Washington University, and has owned and operated Russell Insurance Agency in Front Royal for twenty-five years. He was elected to the Town Council from 1956 to 1960 and also served as Mayor. A member of the Front Royal Rotary, he serves on the Finance and Executive Committee of Warren Memorial Hospital and is presently Vice Chairman of the Board. He and his wife, Frances, reside in Huntly, Virginia.



WILLIAM F. PUMPHREY was graduated from the University of Maryland with a B.S. in Business Administration, majoring in Economics. He was employed for ten years with Goodyear Tire & Rubber Company and has been in retail automotive management for the last 15 years. At present he is Sales Manager for Jack Evans Chevrolet-Cadillac. He is a member of Front Royal Rotary Club and of Front Royal United Methodist Church. He lives in Front Royal, Virginia with his wife, Janet, and their three children.

KERMIT W. NICHOLS is a member of the Front Royal Town Council and for the past 15 years has been associated with the Front Royal Federal Credit Union. Currently Vice Mayor of Front Royal, he is also Treasurer of the Lord Fairfax Planning District Commission and is serving on the Front Royal-Warren County United Givers Fund. A Supervisor with Avtex Corporation, he resides with his wife, Mildred, in Front Royal, Virginia.



DR. OTTMAR H. DENGEL, Physicist, is head of the Fluid Dynamics group, Naval Surface Weapons Center, Silver Spring, Maryland. Educated at Technical University in Munich, Germany, he has to his credit 32 publications and ten U.S. patents. He is a member of the American Physical Society and the American Association for the Advancement of Science. His wife, Gisela, is a practicing pediatrician in Front Royal where they live with their two small children.

STOCK SHENANDOAH SAVINGS & LOAN ASSOCIATION

109-A E. Main Street
Front Royal, Virginia 22630
(703) 635-3167

Subscription Agreement

The undersigned subscriber hereby irrevocably subscribes for _____ shares of stock in Shenandoah Savings and Loan Association, a Virginia corporation (Shenandoah), at a price of Twelve Dollars and Fifty Cents (\$12.50) per share, for an aggregate purchase price of \$_____. The purchase price per share is comprised of par value of \$10.00, paid in surplus of \$2.00 and organizational expense fund of \$.50. The subscriber agrees to pay ten percent (10%) of the purchase price with this subscription, an additional twenty percent (20%) when the state certificate is issued and the balance when called for by the Board of Directors.

The certificates for the shares of stock hereby subscribed for will be issued only upon payment in full of the purchase price specified herein. If at any time the Board of Directors of Shenandoah in its sole discretion should decide that it is not feasible for Shenandoah to commence business, then the purchase price pursuant to this Subscription Agreement will be returned without interest and less any amount required to defray organizational expenses. This Subscription Agreement is not assignable without the consent of Shenandoah.

The subscriber represents that the subscriber is a resident of Virginia, or if a corporation is incorporated and doing business in Virginia or has subscribed in the State of Virginia and that the subscriber is acting solely on behalf of the subscriber and is acquiring the stock subscribed for herein for investment, and has not and will not borrow funds to purchase the stock.

Dated _____ 197 _____

This subscription is accepted for an aggregate of _____ shares of stock.
Shenandoah Savings and Loan Association

By _____

Signature of Subscriber

Name of Subscriber (Please Print)

Residence Address

City _____ State _____ Zip _____

Name of Business

Business Address

City _____ State _____ Zip _____

Social Security Number

Make check payable to SHENANDOAH SAVINGS AND LOAN ASSOCIATION

Mail check and subscription to:
Shenandoah Savings and Loan Association
P.O. Box 325
Front Royal, Virginia 22630



JAMES L. FOX, JR. is President of Commonwealth Lumber Corporation in Front Royal, Virginia. Educated in Warren County and the University of Virginia; he returned to Front Royal and worked as Supervisor with FMC Corporation. After managing Commonwealth Corporation for many years, he purchased the company. He is a resident of Front Royal along with his wife, Elizabeth, and two children.

BRADLEY K. HAYNES was graduated from George Washington University and has been a real estate broker in Front Royal since 1966. He has been active in all phases of real estate and construction and is President of B. K. Haynes Corporation. For many years he has been a partner in the Front Royal development firm of Haynes-Anderson Associates. He maintains a cattle farm near Middletown, Virginia, where he lives with his wife, Bernice, and son.



DR. CHARLES M. HUBER, Internist, was graduated from the University of Michigan in the School of Pharmacy. In 1968 he was graduated from the Medical College of Virginia and began practicing Internal Medicine. He served as a medical officer in the U.S. Navy and has been in private practice in Front Royal since 1975. He is a delegate to the Virginia Medical Society and is on the Board of Directors of the American Heart Association and the Front Royal-Warren County Chamber of Commerce. He resides in Front Royal with his wife, Margaret, and two children.

EDWARD M. "TED" MATHEWS, Clerk of the Warren County Circuit Court, was graduated from Virginia Tech with a degree in Business Administration and Accounting. He served during World War II and was discharged as a Major in Artillery. A native of Warren County, he was employed for 22 years as a Veterans' Claims Agent, serving his own and six surrounding counties. Appointed Clerk of the Court in 1967, he has been re-elected for two eight-year terms. He resides in Front Royal with his wife, Bege.



JAMES E. WILLIAMS, D.D.S. has been active as a Front Royal Dentist for the past nineteen years and belongs to several professional dental organizations. He has served as President of the Front Royal Chamber of Commerce, the Rotary Club, the Front Royal Cancer Society and the Front Royal Jaycees. In 1960, he received the Distinguished Service Award for outstanding community service. He has been active in the Calvary Episcopal Church and has served as its Senior Warden. He has also been active in investment real estate for the past fifteen years. He and his wife, Shirley, live in Front Royal with their four children.

PHILLIP E. WINE, D.D.S. was graduated from the University of Virginia and from the Georgetown College of Dental Surgery, Cum Laude, in 1965. A practicing dentist in Front Royal since 1965, Dr. Wine is a member of Omicron Kappa Upsilon Society, American Dental Association, and Shenandoah Valley Dental Association. He lives with his wife, Charlotte, and four children in Front Royal and is active in area farming.



History

Shenandoah Savings and Loan Association was issued its charter on November 3, 1977 as a Virginia stock corporation and plans to apply to the State Corporation Commission for a Certificate of Authority to begin business as a savings and loan association. At the present time, there is no savings and loan association in Front Royal or Warren County that is owned by local stockholders. Shenandoah S&L will be owned and operated by local people. There is a competing group also attempting to obtain a certificate for a stock Savings and Loan Association in Front Royal, Virginia.

Association Goals

Front Royal-Warren County is poised for a tremendous growth spurt as Route 66 nears completion from Washington, D.C. Most of the interstate is due for completion in 1978, with the remaining portion due to open in 1982. Along with population growth, the following economic factors are on the up-trend: retail sales, housing units, effective buying income, and banking deposits. The single savings and loan association in Front Royal has expanded its offices and has established an out-of-town branch, and local banks report excellent growth. Anticipated costs of area construction projects now total over twenty million dollars. Shenandoah S&L plans to provide much of the mortgage financing needed for residential growth and turnover. It will serve local builders and homeowners to further the development and progress of Front Royal-Warren County.

Shenandoah S&L plans to grow with the community and to provide the financial reservoir needed to serve the residential and commercial progress predicted in the coming years.

Location

Shenandoah S&L plans to locate its office in or around the main shopping center or on the by-pass of Front Royal. It has obtained options on two sites within the Royal Plaza Shopping Center and is considering two adjacent sites. A location in this vicinity will best serve local residents, since the offices of the three local banks and the existing savings and loan are located in or near the downtown area of Front Royal.

Insurance of Accounts

Before opening for business, Shenandoah S&L must obtain insurance of accounts from the Federal Savings and Loan Insurance Corporation. It is anticipated by the Board of Directors that conditional approval of insurance of accounts should be obtained within approximately twelve months.

Stock and Savings Subscriptions

Shenandoah S&L is offering 80,000 shares of capital stock to residents of Virginia at an aggregate price of \$12.50 per share comprised of \$10.00 allocated to capital, \$2.00 to paid-in surplus and \$.50 to organizational expense fund. Shenandoah S&L intends to fully subscribe its capital stock to raise \$1,000,000 before opening for business, and in addition to obtain subscriptions for \$750,000 in savings accounts from local residents. A subscription form for stock is enclosed. Additional copies may be obtained from the directors. It should be understood that there could be risks involved in any investment of this kind, and there is no guarantee of a return on the investment. The Board of Directors will, however, be responsible for all organizational expenses, should the Certificate of Authority not be issued by the State Corporation Commission.

COMMONWEALTH OF VIRGINIA



Sidney A. Bailey
Commissioner of Banking

Ralph S. Jessee
First Deputy Commissioner

Walter Wightman
Deputy Commissioner-Consumer Credit

State Corporation Commission
Bureau of Banking
800 Blanton Building
Richmond, Virginia 23219

April 26, 1978

The Honorable Sidney A. Bailey
Commissioner of Banking
Bureau of Banking
State Corporation Commission
800 Blanton Building
Richmond, Virginia 23219

Re: Application of Shenandoah Savings and Loan Association for a certificate of authority to commence savings and loan business at the east side of Commerce Avenue (Rt. 522) 400 feet south of its intersection with Route 55, Town of Front Royal, Warren County, Virginia.

Dear Sir:

In accordance with your instructions I have investigated the captioned application and file the following report:

ORGANIZERS AND MANAGEMENT

Organizing Directors

The idea for the organization of Shenandoah Savings and Loan Association was conceived by Eric Adamson, a young attorney who has been living and working in Front Royal since the end of 1974. According to Mr. Adamson a number of real estate agents mentioned to him that there is a lack of mortgage financing in the Front Royal area and that the area needed another thrift institution. Mr. Adamson got together a group of approximately fifty persons who elected eleven persons to the organizing Board of Directors.

The names, addresses, ages, occupations and subscriptions of the directors are given in the following page.

As the table shows, the proposed Board of Directors consists of eleven persons. Nine of the eleven directors live in Warren County, one in Rappahannock and one in Frederick County. However, all the directors work in Warren County, with the exception of Dr. Dengel who works in Maryland. The ages of the directors range from 30 to 60, the average and median age both being 45. The occupations of the eleven directors range from law and real estate to dentistry and insurance sales.

PROPOSED DIRECTORS OF SHENANDOAH
SAVINGS AND LOAN ASSOCIATION
FRONT ROYAL, WARREN COUNTY

NAME AND ADDRESS	AGE	OCCUPATION	DIRECT SUBSCRIPTION	DIRECT AND INDIRECT SUBSCRIPTION
1. Eric E. Adamson Front Royal	30	Attorney, Front Royal	\$5,000	\$18,562.50
2. Charles B. Russell Huntley, Rappahannock County	54	Russell Insurance Agency Front Royal	\$6,100	\$14,062.50
3. William F. Pumphrey Front Royal	47	Sales Manager, Jack-Evens Chevrolet-Cadillac, Front Royal	\$12,500	\$15,375.00
4. Kermit W. Nichols Front Royal	51	Supervisor with Avtex Corp. Front Royal	\$12,500	\$12,750.00
5. Dr. Ottman H. Dengel Front Royal	45	Naval Surface Weapons Center Silver Spring, Maryland	\$12,500	\$25,000.00
6. James L. Fox, Jr. Front Royal	40	President Commonwealth Lumber Corp., Front Royal	\$12,500	\$17,375.00
7. Bradley K. Haynes Middletown, Frederick County	44	Real Estate Broker and Developer	\$6,187.50	\$12,500.00
8. Dr. Charles M. Huber Front Royal	36	Internal Medicine Front Royal	\$12,500	\$12,500.00
9. Ted Mathews Front Royal	60	Clerk of Warren County Circuit Court, Front Royal	\$12,500	\$12,750.00
10. James F. Williams, D. D. S. Front Royal	46	Dentist Front Royal	\$12,500	\$19,250.00
11. Phillip E. Wine, D. D. S. Front Royal	44	Dentist Front Royal	\$6,250	\$18,750.00
TOTAL			\$99,787.50	\$178,875.00

Total direct subscriptions of the eleven directors amount to nearly \$100,000 and direct and indirect subscriptions amount to \$178,875. No single director and his interests or a combination of directors and their interests subscribed to an excessive amount of stock.

Each of the directors read the booklet on the responsibilities of directors furnished by the Bureau of Banking, subscribed to his qualifying shares and furnished the Bureau of Banking with financial statements and biographical information. Nothing detrimental was found about the directors.

The Chief Executive Officer

As of this date the applicant has not submitted the name of the Chief Executive Officer.

Offering Circulars

Two offering circulars used by Shenandoah Savings and Loan Association in soliciting subscriptions to stock contain misleading statements. In addition, while this economist is not an expert in drafting offering circulars, has reservations as to the adequacy of the disclosures made by the applicant. The above were pointed out to the applicant association.

THE PROPOSED STRUCTURE

Capital Structure

Shenandoah Savings and Loan Association was incorporated on November 3, 1977. The maximum capital stock authorized by its articles of incorporation is \$1.2 million divided into 120,000 shares, having a par value of \$10.00 per share.

Initially the organizers offered for sale 60,000 shares which were fully subscribed in a short period of time. Subsequently, the organizers offered another 20,000 shares for sale. The 80,000 shares offered were fully subscribed by 525 persons. All the shares were subscribed at \$12.50 per share, with total subscriptions amounting to \$1.0 million.

According to the applicant, expected subscriptions on opening date would be \$1.1 million dollars of which \$880,000 will be credited to capital stock and \$220,000 to surplus. The proposed capitalization is approximately 31.0 percent of projected deposits at the end of the third year of operations and seems adequate.

An examination of the subscribers list submitted to the Bureau of Banking reveals that the great majority of the subscribers either work or live in Warren County and the stock is widely distributed among a high number of investors. Approximately 83.0 percent of the subscribers live or work in Warren County, subscribing to 61,920 shares or 77.7 percent of total subscriptions. The high number of subscribers and the wide distribution of the stock is an indication of public support and an assurance that the proposed institution will not be controlled by a single individual or family.

Location and Premises

Shenandoah Savings and Loan Association has an option to purchase a lot from Land Futures, Inc. for the purpose of establishing its savings and loan quarters. The land is located on the east side of Commerce Avenue (Route 522), approximately 400 feet south of its intersection with Route 55, Town of Front Royal, Warren County, Virginia. The lot has a frontage of 150 feet on Route 522 and a depth of 150 feet. The agreed purchase price is \$78,750 or \$3.50 per square foot. The applicant association has also a lease agreement but indicated to this economist that it will exercise its purchase option.

The applicant will construct a free standing building of approximately 2000 square feet. It will contain offices, a lobby area and a drive-in window. Adequate parking will be provided. According to the applicant, the cost of construction will be approximately \$80,000 or \$40 per square foot. Thus the total cost of land and building will be approximately \$158,750.

Investment in Furniture, Fixtures, and Equipment

According to the applicant the total investment in furniture, fixtures, and equipment will be approximately \$39,500. In the opinion of this economist the estimate is on the low side.

Organizational Expenses

According to the applicant organizational expenses will be approximately \$22,000, allocated as follows:

Attorney fees	\$ 7,500
Consultant fees	3,500
Preopening salaries	5,000
Advertising and Promotion	2,500
SCC application fee	2,500
Other	1,000
	<u>\$22,000</u>

In the opinion of this economist the above estimate is on the low side. First the applicant association has spent \$6,098 mainly for advertising, promotion and state fees, already exceeding its estimates for those items. Second, preopening salaries will probably run to more than twice the estimated amount. This economist estimates that organizational expenses may approach \$40,000 by opening date.

Future Earnings Prospects

The earnings of the proposed savings and loan association will primarily depend on the generation of savings, the demand for mortgage loans and interest rates, operating expenses and management. According to the applicant Shenandoah Savings and Loan Association will generate the following savings in the first three years of operation:

Savings	First Year	Second Year	Third Year
Year-end savings	\$1,500,000	\$2,500,000	\$3,500,000
Average Savings	\$1,000,000	\$2,000,000	\$3,000,000

Based on the above projections, which seem realistic, the applicant estimates the following income and expenses for the first three years of operation:

ESTIMATED INCOME AND EXPENSES

DESCRIPTION	ESTIMATED AMOUNT		
	First Year	Second Year	Third Year
GROSS INCOME (@9% of total estimated average assets)	\$157,500	\$247,400	\$341,350
EXPENSES:			
Salaries and benefits	\$ 44,000	\$ 48,400	\$ 53,240
Interest on savings deposits (@6%)	60,000	120,000	180,000
Net occupancy expense	9,200	9,750	10,300
Furniture & equipment (depreciation, rental, etc)	2,500	2,500	2,500
Advertising	3,000	3,000	3,000
Telephone	1,200	1,300	1,400
Legal	1,000	1,000	1,000
Postage	1,000	1,100	1,200
Computer services	2,500	3,000	3,500
Miscellaneous (Capital taxes & audit fees, etc)	12,500	13,000	13,500
Net organization expenses (First Year Only)	22,000	0	0
TOTAL ESTIMATED EXPENSES	\$158,900	\$203,050	\$269,640
ESTIMATED NET PROFIT (OR LOSS)	(\$ 1,400)	\$ 44,350	\$ 71,710

According to the applicant the proposed association will lose \$1,400 the first year and realize \$44,350 and \$71,710 profit the second and third year respectively. In the opinion of this economist the applicant's profit and loss estimates are optimistic because operating expenses will be higher than anticipated. First year losses may reach \$25,000 while second and third year profits may be around \$16,000 and \$22,000 respectively.

The estimates of this economist are based on the assumptions that only one of the two applicant associations will open for business and either of the two associations will generate \$1.5 million savings at the end of the first year, \$2.5 million at the end of the second year, and \$3.5 million at the end of the third year. The estimated lower first year losses of Front Royal compared with Shenandoah, are a result of Front Royal's accumulated income from paid-in subscriptions since 1968.

ECONOMIC AND FINANCIAL CONSIDERATIONS

Intruduction

The Town of Front Royal is the proposed site for two thrift institutions now under organization - Front Royal Savings and Loan Association and Shenandoah Savings and Loan Association. Front Royal lies almost in the geographical center of Warren County, Virginia and serves as the county seat. The 1975 population of Front Royal was 9,272.

Warren County lies in northwest Virginia. It is bounded to the north by the counties of Frederick and Clark, to the south by the counties of Page, and Rappahannock, to the east by Fauquier County and part of Rappahannock County and to the west by Shenandoah County. Warren County has a land area of 219 square miles, mainly mountainous. Its 1976 population was 18,700 (the population of Front Royal included).

Economic Base

The economy of Warren County is not well diversified. It depends heavily on manufacturing which accounts nearly for half of the non-agricultural wage and salary employment. Apart from manufacturing, other basic industries, but of much lesser importance to the area economy, are agricultural and tourism.

Table I presents the employment structure for Warren County for the years 1973 through 1976. As of March 1976, the manufacturing sector employed 2,598 persons. This constituted 46.2 percent of total non-agricultural employment, compared with approximately 20.0 percent in Virginia. The manufacturing sector was dominated by a single firm, American Viscose, Division of FMC Corporation, manufacturer of man-made fibers. This single firm employed more than one thousand persons, or nearly a fifth of total non-agricultural employment in Warren County.

Apart from manufacturing, agriculture and tourism are considered basic industries since they result in an inflow of money into the area. Livestock is the main source of agricultural income. But the significance of agriculture to the area economy is diminishing. Tourism is expanding. The location in Warren County of such tourist attractions as the Skyline Caverns, the entrance to the Skyline Drive, and Shenandoah National Forest attract thousands of tourists into the area, supplementing the income of area residents.

One factor which may help the development of Warren County is the completion of Interstate 66 which will link Warren County with the Washington SMSA. Recently, there has been renewed interest by major firms to establish plants in the area. In fact, Dupont has recently exercised its option on an industrial site near Front Royal. If approved, this particular plant will employ 300 persons. The establishment of more plants in the area will help diversify the manufacturing sector. Furthermore, completion of Interstate 66 will bring more tourists into the area and also more residents from the Washington, D. C. area. The impact of these developments is bound to be felt by other sectors of the local economy, such as the services, building construction, and trade sectors.

Population

The population of Warren County seems to be increasing at a substantially higher rate in the 1970's than the previous two decades. Estimates by Tayloe Murphy Institute, presented in Table II, show the 1976 population of Warren County at 18,700, compared with 15,301 in 1970, 14,655 in 1960 and 14,801 in 1950. This constitutes an increase of 22.2 percent in the 1970-76 period, compared with an increase of only 4.4 percent in the 1960-70 period and a decline of 1.0 percent in the 1950-60 period. Thus the population of Warren County has been growing at an increasing rate from decade to decade.

Projections by the Virginia Department of Planning and the Budget show a continuation of the upward trend but at a slightly lower rate. It is projected that the population of Warren County will reach 21,500 persons by 1980 and 28,200 by 1990.

Income

The impressive increase of population was accompanied by an equally impressive increase of personal income. While in 1970 personal income in Warren County was \$49.7 million, it increased to \$94.6 million in 1975. This constituted a 90.3 percent increase, compared with 66.1 percent increase in Virginia.

Per capita income, which is income adjusted for population changes, also experienced a healthy growth in Warren County. While in 1970 per capita income in Warren County was \$3,243, it increased to \$5,133 in 1975. This constituted a 57.7 percent increase, compared with 55.9 percent increase in Virginia.

However, as Table III shows, per capita income in Warren County is still below average, representing 88.4 percent of the state average figure. But as the same table shows, the gap between the per capita income of Warren County and Virginia is narrowing.

Bank Deposits and Savings in Thrift Institutions

Perhaps the most important indicator of the banking potential of an area is the past growth of banking deposits and savings in thrift institutions. As Table IV shows bank deposits in Warren County, just like population and income, have been growing at an accelerated rate. In the 1950's bank deposits increased from \$6.8 million to \$12.1 million or by 77.8 percent. In the 1960's bank deposits increased to \$24.0 million or by 98.0 percent. In the 1970-77 period bank deposits increased to \$60.9 million or by 153.5 percent in a seven year period. The percentage increase in the 1970's was substantially higher than the percentage increase in Virginia.

Similarly, savings in the single thrift institution in the county grew at an accelerated rate. First Federal Savings and Loan Association did not grow much in the 1960's, but in the 1970's its savings increased from \$1.5 on May 31, 1970 to \$9.3 million on December 31, 1977 - (Table V).

Housing

Just like population and other economic indicators discussed, the housing industry got a big boost in the 1970's. Table VI shows the number of housing units authorized in the county. Between 1970 and 1976 approximately 2,780 housing units were authorized in Warren County. As the table shows the number of housing units was increasing through 1974 when they reached 762 units and then declined. However in 1977 the number of housing units authorized started rising again. With population growing at an increasing rate, the demand for housing is expected to remain strong.

Retail Sales

Unlike other indicators examined, retail sales in the 1970-76 period grew at a slower rate than Virginia. In 1976 retail sales in Warren County were estimated at \$48.1 million, compared with \$31.0 million in 1970. This constituted a 55.0 percent increase, as compared to 99.1 percent experienced in Virginia.

Financial Institutions in Warren County

There are three banks with six banking offices, one thrift institution with one office, and one credit union in Warren County, all located in the Town of Front Royal. They are: (1) Farmers and Merchants National Bank; (2) Bank of Virginia-Warren; (3) Peoples Bank of Front Royal; (4) First Federal Savings and Loan Association of Front Royal; and (5) Front Royal Federal Credit Union.

Farmers and Merchants National Bank has its main office in Winchester. It is part of F & M National Corporation, a bank holding company. Farmers and Merchants has three branches in the Town of Front Royal. As of June 30, 1977 these three branches had \$30.0 million in deposits, controlling 49.3 percent of total county bank deposits.

The second largest bank in terms of deposits is Bank of Virginia-Warren. This bank has its home office in Front Royal and is an affiliate of the Bank of Virginia Company, a Richmond-based bank holding company. It operates two offices in Front Royal. As of June 30, 1977 Bank of Virginia-Warren had \$25.0 in deposits, controlling 41.0 percent of total county bank deposits. Bank of Virginia-Warren has been experiencing healthy growth in the last three years. The total deposits increased from \$20.3 million at the end of 1974 to \$28.3 million at the end of 1977. Earnings have also been above average, compared with similar size banks. In 1977 net income after taxes was \$411,000, compared with \$409,000 in 1976, \$371,000 in 1975 and \$350,000 in 1974. In all four years net income after taxes was above 1.4 percent of average assets, compared with approximately 1.0 percent experienced by similar size banks in Virginia.

Peoples Bank of Front Royal is a locally-owned, independent bank which opened for business on March 31, 1973. In its nearly five years of operation, Peoples Bank has been experiencing a healthy growth of deposits. As of December 31, 1977, its deposits reached \$7.0 million, compared with \$5.1 million at the end of 1976, \$3.5 million at the end of 1975, and \$2.6 million at the end of 1974. This bank has been profitable in the last four years, experiencing above average earnings, compared with similar size banks. In 1977 net income after taxes was \$70,000 compared with \$35,000 in 1976, \$20,000 in 1975 and \$15,000 in 1974. In 1977 net income after taxes was 1.1 percent of average assets, compared with approximately 0.6 percent experienced by similar size banks in Virginia. The bank paid a cash dividend in its fourth and fifth year of operations (1976 and 1977).

The only thrift institution in the county is First Federal Savings and Loan Association of Front Royal, operating one office. This association opened in the mid-1960's. Its growth in the 1960's was insignificant. As of May 31, 1970 its savings were only \$1.5 million. However, in the last few years, First Federal experienced a healthy growth. As of December 31, 1977 its savings were \$9.3 million, compared with \$7.4 million at the end of 1976 and \$5.7 million at the end of 1975. This association has been profitable for a number of years. In 1977 First Federal increased its net worth through earnings by \$134,000, compared with \$80,000 in 1976, \$70,000 in 1975, and \$37,000 in 1974. As of December 31, 1977 its net worth was \$424,521 or 4.6 percent of savings, satisfying federal requirements.

First Federal was visited by this economist on January 25, 1978 and on February 24, 1978. Management stated that First Federal offers savings certificates at the maximum rate allowable by law but it compounds them on a quarterly basis. In other words, the effective rates are slightly lower than the maximum allowable by law. Management also stated that the demand for mortgage loans exceeds the growth of savings. Conventional 80.0 percent mortgage loans were being offered at 9.5 percent, which was slightly higher than the prevailing rate in Virginia metropolitan areas where competition is acute. In 1977 First Federal closed 207 loans, most of them in Warren County. Management also stated that First Federal will provide drive-in services and parking facilities in the very near future and that it will open a branch in Winchester in July, 1978.

From the above it can be seen that a new thrift institution in Front Royal will give a second choice to area residents and increase competition without undue injury to existing institutions.

Opposition

The application of Shenandoah Savings and Loan Association is opposed by the following institutions: (1) First Federal Savings and Loan Association of Front Royal; (2) Farmers and Merchants National Bank, Winchester; (3) Peoples Bank of Front Royal; and (4) Front Royal Savings and Loan Association (organizing). The above institutions have asked for a public hearing to express their views.

Shenandoah Savings is the second association applying for a certificate of authority to commence business in Front Royal. The other association is Front Royal Savings. Both applicants are opposing each other and both applicants are opposed by the same institutions. Therefore, a joint public hearing would be in order.

Summary and Conclusions

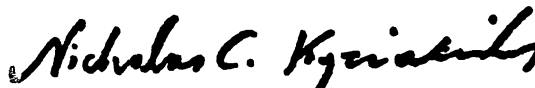
In the 1970's there has been an economic upsurge in Warren County. While in previous decades the economy of Warren County was growing at a below average rate, in the 1970's the economy of Warren County started growing at a well above average rate. This is demonstrated by the growth of population, personal income, per capita income, building permits, bank deposits and savings in thrift institutions. The economic upsurge is probably associated with spillovers from the Washington, D. C. area and there are indications that growth will continue.

The level of economic development and growth can support a second thrift institution in Warren County without undue injury to existing institutions. The only thrift institution in the area, First Federal is growing at an accelerated rate and has been profitable for a number of years. Peoples Bank of Front Royal which opened for business on March 31, 1977 is experiencing a healthy growth. This bank has been profitable for a number of years, experiencing above average earnings, compared with similar size banks. The bank paid a cash dividend in its fourth and fifth year of operations (1976 and 1977). Bank of Virginia-Warren is also growing at a healthy rate and earning above average, compared with similar size banks. The branches of Farmers and Merchants National Bank, Winchester have above \$30.0 million deposits, controlling nearly half of the bank deposits in the county. They are not expected to be affected detrimentally.

In the opinion of this economist one additional thrift institution in Warren County will result in an increase of competition without undue injury to existing institutions. The benefits to the public will outweigh the disadvantages associated with inefficiency and unfair competition.

It must be noted that Shenandoah is the second association applying for a certificate of authority to commence savings and loan business in Front Royal. Both applicants are opposing each other and both applicants are opposed by the same institutions. Each applicant claims that its application is better than the other one and that evidence to that effect will be presented at the public hearing. The opposition claims that there is no need for an additional thrift institution in Front Royal and that evidence to that effect will be presented at the public hearing. Since additional evidence will be presented at the public hearing, this economist refrains from offering a recommendation at this stage.

Respectfully submitted,



Nicholas C. Kyriakides
Economist

NCK/dco

TABLE I
POPULATION AND EMPLOYMENT DATE
MARCH
WARREN COUNTY

	March 1973	March 1974	March 1975	March 1976
DATA BY PLACE OF RESIDENCE:				
Population	17,000	17,900	18,400	18,700
Total Employment	7,537	7,517	8,221	7,395
Nonagricultural Wage & Salary Employment	6,587	6,626	6,701	6,529
DATA BY PLACE OF WORK:				
Nonagricultural Wage & Salary Employment	5,728	5,754	5,777	5,624
Manufacturing	2,945	2,898	2,628	2,598
Durable Goods	377	264	215	237
Lumber	35	*	*	*
Furniture	*	*	*	*
Stone, Clay & Glass Prod.	*	*	*	*
Primary Metal Prod.				
Fabricated Metal Prod.				
Machinery, except Electrical				
Electrical Machinery				
Transportation Equipment				
Miscellaneous Manufacturing				
All Other Durable Goods ¹	342	264	215	237
Nondurable Goods	2,568	2,634	2,413	2,361
Food	98	106	93	99
Tobacco				
Textiles		*	*	
Apparel	*	*	*	*
Paper				
Printing		*	*	*
Chemicals		*	*	*
Rubber & Plastics				*
All Other Nondurable Goods ¹	2,470	2,528	2,320	2,262
Nonmanufacturing	2,783	2,856	3,149	3,026
Mining	*			
Contract Construction	297	305	274	294
Transportation & Public Utilities	176	171	172	162
Wholesale & Retail Trade	960	910	960	941
Finance, Insurance & Real Estate	113	127	183	145
Service	631	696	735	696
Government	576	610	783	780
Federal	53	63	84	83
State	141	155	163	153
Local	382	392	569	544
All Other Nonmanufacturing ¹	30	37	9	8

¹Includes the sum of those industries denoted by an asterisk and/or not otherwise specified. Industrial groups are not broken out if the employment could identify individual firms.

Source: Manpower Research, Virginia Employment Commission, September, 1977.

Note: All data subject to revision.

TABLE II
POPULATION
WARREN COUNTY

Year	Population	Percentage Change
1952	14,801	-
1960	14,655	(-1.0)
1970	15,301	4.4
1976 ¹	18,700	22.2
1980 ²	21,500	15.0
1990 ²	28,200	31.2

¹Estimated by Tayloe Murphy Institute.

²Projections by Virginia Department of Planning and Budget

Source: U. S. Bureau of the Census; Tayloe Murphy Institute; Virginia Department of Planning and Budget.

TABLE III
PER CAPITA INCOME
WARREN COUNTY

Year	Warren County Per Capita Income	Index (Virginia=100)
1952	\$1,234	102.9
1962	\$1,740	85.1
1970	\$3,243	87.4
1975	\$5,113	88.4

Source: Tayloe Murphy Institute.

TABLE IV
BANK DEPOSITS
WARREN COUNTY

Mid-Year	Bank Deposits	Percentage Change
1950	\$ 6,822,000	-
1960	\$12,131,000	77.8
1970	\$24,024,000	98.0
1972	\$32,745,000	36.3
1973	\$37,828,000	15.5
1974	\$42,901,000	13.4
1975	\$47,028,000	9.6
1976	\$52,280,000	11.2
1977	\$60,898,000	16.5

Source: Federal Deposit Insurance Corporation

TABLE V
SAVINGS GROWTH
FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF FRONT ROYAL
WARREN COUNTY

Year	Savings
May 31, 1970	\$1,538,000
May 31, 1971	\$1,906,000
May 31, 1972	\$2,511,000
Sept. 30, 1973	\$3,469,000
Sept. 30, 1974	\$4,217,000
Sept. 30, 1975	\$5,418,000
Sept. 30, 1976	\$7,063,000
Dec. 31, 1977	\$9,267,000

Source: Federal Home Loan Bank Board. 1977 savings was taken from a call report of First Federal Savings and Loan Association of Front Royal.

TABLE VI
HOUSING UNITS AUTHORIZED
WARREN COUNTY

Year	Number of Housing Units
1970	309
1971	341
1972	374
1973	431
1974	762
1975	390
1976 ¹	173
1977 ²	206

¹The 1976 figure was given in writing to this economist by County Administrator J. Ronald George who stated that the 1976 figure cited by Tayloe Murphy is incorrect.

²The 1977 figure does not include the Town of Front Royal. According to the Town Engineer the Town of Front Royal issued 132 building permits in 1977. It is not known how many of the building permits were for new housing units.

Source: Tayloe Murphy Institute; Warren County Administrator; Town Engineer of Front Royal.

COMMONWEALTH OF VIRGINIA



Sidney A. Bailey
Commissioner of Banking

Ralph S. Jessee
First Deputy Commissioner

Walter Wightman
Deputy Commissioner-Consumer Credit

State Corporation Commission
Bureau of Banking
800 Blanton Building
Richmond, Virginia 23219

April 27, 1978

The Honorable Sidney A. Bailey
Commissioner of Banking
Bureau of Banking
800 Blanton Building
Richmond, Virginia 23219

Re: Application of Front Royal Savings and Loan Association
for a certificate of authority to commence savings and
loan business at the northwest corner of Commerce
Avenue and Sixth Street, Front Royal, Warren County,
Virginia.

Dear Sir:

In accordance with your instructions I have investigated the
subject application and file the following report:

ORGANIZERS AND MANAGEMENT

History and Organization

Front Royal Savings and Loan Association was incorporated on September 23, 1968. On December 1, 1972 Front Royal Savings and Loan Association applied to the State Corporation Commission for a certificate of authority to commence business on the northwest corner of Commerce Avenue and Sixth Street, Front Royal, Warren County, Virginia. The application was opposed by Farmers and Merchants National Bank, The Peoples Bank of Front Royal, and by First Federal Savings and Loan Association of Front Royal. A public hearing was held on September 24, 1973 and by order of the State Corporation Commission dated October 3, 1973, the application was denied on the basis of no public need for additional savings and loan facilities in the community.

After the denial the Bureau of Banking was informed by letter dated October 23, 1973 that the applicant will not appeal the decision of the State Corporation Commission but rather wait the full twelve-month period before again applying for a certificate of authority. After dissolution of the association on May 31, 1977, it was reinstated on June 13, 1977. The new application was filed on December 22, 1977.

The Organizing Directors

The idea for the organization of Front Royal Savings and Loan Association was conceived by Ronald S. Gilliam, a real estate broker and businessman from Front Royal. Mr. Gilliam is credited with recruiting the other members of the board. Their names, addresses, ages, occupations and subscriptions are shown below:

PROPOSED DIRECTORS OF FRONT ROYAL SAVINGS AND LOAN ASSOCIATION

Name and Residence	Age	Occupation	Direct Subscription	Indirect and Direct Subscriptions
1. Ronald S. Gilliam Front Royal	45	Real Estate Broker and Businessman Front Royal	\$ 25,000	\$ 74,000
2. J. William Gilliam Clifton, Fairfax County	42	Attorney, Fairfax	\$ 46,875	\$ 46,875
3. Samuel J. Baggarly Front Royal	35	Manager, Gilliam Lumber Company, Front Royal	\$ 37,500	\$ 37,500
4. Arnold M. Williams, Sr. Front Royal	40	Assistant County Administrator Front Royal	\$ 12,500	\$ 13,750
5. Frank H. Brumback Winchester	54	Farmer, Winchester	\$ 46,875	\$ 46,875
6. David L. Wines Front Royal	43	Owner, Bookkeeping firm, Front Royal & Culpeper	\$ 25,000	\$ 26,500
7. Francis D. Hall Front Royal	48	Route Salesman, Royal Palace Cleaners, Front Royal	\$ 46,875	\$ 50,000
8. Kent E. Coons Front Royal	35	Restaurateur Front Royal	\$ 37,500	\$ 40,750
TOTAL			\$278,125	\$336,250

As the table shows the proposed Board of Directors consists of eight persons. They all live and work in Warren County, with the exception of J. William Gilliam and Frank H. Brumback who work and live in Fairfax County and the Winchester area respectively. Mr. J. William Gilliam, however, has family business in Warren County. The ages of the eight directors range from 35 to 54, the average age and median age being 43. The occupations of the eight directors range from real estate and law to farming and bookkeeping. Total direct subscriptions of the eight directors amount to \$278,125 and direct and indirect subscriptions amount to \$336,250. Two of the directors, Ronald and William Gilliam are brothers and Director Samuel J. Baggaly is the manager of a Gilliam company. The three related directors and their interests subscribed to \$158,575 or 13.6 percent of expected subscriptions on opening date. The relationship of three of the eight directors and their substantial subscriptions raises the question whether the board is representative of a cross-section of the community and also the question of potential control by the three directors and their interests.

Each of the directors read the booklet on the responsibilities of directors furnished by the Bureau of Banking, subscribed to his qualifying shares, and furnished the Bureau of Banking with financial statements. The proposed directors were investigated. Nothing detrimental was found about the directors. However, proposed Director Frank H. Brumback failed to list on his financial statement a substantial amount of contingent liabilities. Mr. Brumback is a director of the Bank of Frederick County and a directorship with the proposed thrift institution may be in violation of Section 6.1-2.6 of the Virginia Savings and Loan Act which goes into effect on July 1, 1978.

The Chief Executive Officer

As of this date the applicant has not submitted the name of the proposed Chief Executive Officer.

THE PROPOSED STRUCTURE

Capital Structure

The maximum capital stock authorized by the amended articles of incorporation of Front Royal Savings and Loan Association is \$2.0 million divided into 200,000 shares, having a par value of \$10.0 per share. As of January 10, 1978, 517 persons subscribed to 84,117 shares at \$12.50 per share. According to the applicant, by opening date, 93,000 shares will be sold and expected subscriptions will be \$1,162,500 of which \$930,000 will be credited to capital stock and \$232,500 to reserves. The proposed capitalization is 56.7 percent of projected savings at the end of the third year of operations and seems adequate.

An examination of the subscribers list submitted to the Bureau of Banking reveals that the great majority of the subscribers either work or live in Warren County and the stock is distributed among a high number of investors. Approximately 86.1 percent of the subscribers live or work in Warren County subscribing to 77,131 shares or 85.5 percent of total subscriptions. The high number of subscribers is an indication of public support.

Location and Premises

Front Royal Savings and Loan Association purchased three parcels of land with improvements at the northwest corner of Sixth Street and Commerce Avenue, Town of Front Royal, Warren County, Virginia for the purpose of establishing its quarters. The three parcels are contiguous to each other and contain adequate space for both a well-size building and parking. The applicant purchased two of the parcels from Robert Barbour and Susan Carper Lee in 1973 and the third one from Pearl Brown in 1976. According to the applicant the above individuals are not connected in any way with the applicant association. The purchase price for all three parcels of land was \$56,000.

The applicant plans to demolish the existing structure and construct a free standing building. The anticipated construction cost and site improvements is estimated by the applicant at \$120,000. Thus the total cost of land and building will be approximately \$186,000.

Investment in Furniture, Fixtures, and Equipment

According to the applicant the total investment in furniture, fixtures and equipment will be approximately \$51,250. This will bring up total investment in fixed assets to \$237,250.

Organizational Expenses

According to the application organizational expenses will be \$28,000. However, the accountants of the applicant estimate organizational expenses just over \$45,000. An audit report shows paid expenses from September 23, 1968 to December 31, 1977 at \$18,893, incurred expenses but not paid at \$5,789 and estimated expenses until opening date at \$20,073.

Thus far expenses have been paid from \$19,153 earned on rentals of the purchased property and interest from paid-in subscriptions. It is estimated that by opening date the applicant will have \$9,675 additional income. Therefore, net organizational expenses to be charged-off in the first year of operations will be approximately \$16,000.

Future Earnings Prospects

The earnings of the proposed savings and loan association will primarily depend on the generation of savings, the demand for mortgage loans and interest rates, operating expenses, and management. According to the applicant Front Royal Savings and Loan Association will generate the following savings in the first three years of operation:

Savings	1st year	2nd year	3rd year
Year-end savings	\$850,000	\$1,450,000	\$2,050,000
Average Savings	\$550,000	\$1,050,000	\$1,750,000

Based on the above projections, which seem on the conservative side, and an initial capital of \$1.16 million the applicant estimates the following income and expenses for the first three years of operation:

ESTIMATED INCOME AND EXPENSES

DESCRIPTION	ESTIMATED AMOUNT		
	First Year	Second year	Third Year
GROSS INCOME (@ 8 3/4% of total estimated average assets)	\$149,844	\$192,709	\$255,793
EXPENSES:			
Salaries and benefits	\$ 60,000	\$ 63,000	\$ 75,000
Interest on savings deposits (6.5%)	35,750	68,250	113,750
Net occupancy expense	9,000	10,900	11,800
Furniture & equipment (depreciation, rental, etc.)	10,000	10,000	10,000
Advertising	6,000	6,000	4,000
Telephone	1,200	1,400	1,400
Legal	1,500	1,000	1,000
Postage	1,000	1,200	1,500
Computer services	2,000	4,000	6,000
Miscellaneous (Audit, Insurance, fees, temp. qtrs.)	5,500	4,000	4,000
Net organization expenses (1st year only)	28,000	-	-
TOTAL ESTIMATED EXPENSES	\$159,950	\$171,750	\$228,450
ESTIMATED NET PROFIT (OR LOSS)	-(\$10,106)	\$ 20,959	\$ 27,343

According to the applicant the proposed association will lose \$10,106 in the first year and realize \$20,959 and \$27,343 profit the second and third year respectively. Although, the applicant was conservative on the savings projections, the final profit estimates are on the high side because of relatively high gross income projections based on 8.75 percent of average assets and slightly

low operating expenses. In the opinion of this economist the association may lose around \$15,000 the first year and recover initial losses in the second year of operations.

The estimates of this economist are based on the assumption that only one of the two applicant associations will open for business and that either of the two associations will generate \$1.5 million savings at the end of the first year, \$2.5 million at the end of the second year, and \$3.5 million at the end of the third year. The estimated lower losses of Front Royal Savings and Loan Association, compared with Shenandoah Savings and Loan Association, are a result of the income accumulated from paid-in subscriptions since 1968.

ECONOMIC AND FINANCIAL CONSIDERATIONS

Introduction

The Town of Front Royal is the proposed site for two thrift institutions now under organization - Front Royal Savings and Loan Association and Shenandoah Savings and Loan Association. Front Royal lies almost in the geographical center of Warren County, Virginia and serves as the county seat. The 1975 population of Front Royal was 9,272.

Warren County lies in northwest Virginia. It is bounded to the north by the counties of Frederick and Clark, to the south by the counties of Page, and Rappahannock, to the east by Fauquier County and part of Rappahannock County and to the west by Shenandoah County. Warren County has a land area of 219 square miles, mainly mountainous. Its 1976 population was 18,700 (the population of Front Royal included).

Economic Base

The economy of Warren County is not well diversified. It depends heavily on manufacturing which accounts nearly for half of the non-agricultural wage and salary employment. Apart from manufacturing, other basic industries, but of much lesser importance to the area economy, are agriculture and tourism.

Table I presents the employment structure for Warren County for the years 1973 through 1976. As of March 1976, the manufacturing sector employed 2,598 persons. This constituted 46.2 percent of total non-agricultural employment, compared with approximately 20.0 percent in Virginia. The manufacturing sector was dominated by a single firm, American Viscose, Division of FMC Corporation, manufacturer of man-made fibers. This single firm employed more than one thousand persons, or nearly a fifth of total non-agricultural employment in Warren County.

Apart from manufacturing, agriculture and tourism are considered basic industries since they result in an inflow of money into the area. Livestock is the main source of agricultural income. But the significance of agriculture to the area economy is diminishing. Tourism is expanding. The location in Warren County of such tourist attractions as the Skyline Caverns, the entrance to the Skyline Drive, and Shenandoah National Forest attract thousands of tourists into the area, supplementing the income of area residents.

One factor which may help the development of Warren County is the completion of Interstate 66 which will link Warren County with the Washington SMSA. Recently, there has been renewed interest by major firms to establish plants in the area. In fact, E. I. DuPont, De Nemours and Company has recently exercised its option on an industrial site near Front Royal. If approved, this particular plant will employ 300 persons. The establishment of more plants in the area will help diversify the manufacturing sector. Furthermore, completion of Interstate 66 will bring more tourists into the area and also more residents from the Washington, D. C. area. The impact of these developments is bound to be felt by other sectors of the local economy, such as the services, building construction, and trade sectors.

Population

The population of Warren County seems to be increasing at a substantially higher rate in the 1970's than the previous two decades. Estimates by Tayloe Murphy Institute, presented in Table II, show the 1976 population of Warren County at 18,700, compared with 15,301 in 1970, 14,655 in 1960 and 14,801 in 1950. This constitutes an increase of 22.2 percent in the 1970-76 period, compared with an increase of only 4.4 percent in the 1960-70 period and a decline of 1.0 percent in the 1950-60 period. Thus the population of Warren County has been growing at an increasing rate from decade to decade.

Projections by the Virginia Department of Planning and the Budget show a continuation of the upward trend but at a slightly lower rate. It is projected that the population of Warren County will reach 21,500 persons by 1980 and 28,200 by 1990.

Income

The impressive increase of population was accompanied by an equally impressive increase of personal income. While in 1970 personal income in Warren County was \$49.7 million, it increased to \$94.6 million in 1975. This constituted a 90.3 percent increase, compared with 66.1 percent increase in Virginia.

Per capita income, which is income adjusted for population changes, also experienced a healthy growth in Warren County. While in 1970 per capita income in Warren County was \$3,243, it increased to \$5,133 in 1975. This constituted a 57.7 percent increase, compared with 55.9 percent increase in Virginia.

However, as Table III shows, per capita income in Warren County is still below average, representing 88.4 percent of the state average figure. But as the same table shows, the gap between the per capita income of Warren County and Virginia is narrowing.

Bank Deposits and Savings in Thrift Institutions

Perhaps the most important indicator of the banking potential of an area is the past growth of banking deposits and savings in thrift institutions. As Table IV shows bank deposits in Warren County, just like population and income, have been growing at an accelerated rate. In the 1950's bank deposits increased from \$6.8 million to \$12.1 million or by 77.8 percent. In the 1960's bank deposits increased to \$24.0 million or by 98.0 percent. In the 1970-77 period bank deposits increased to \$60.9 million or by 153.5 percent in a seven year period. The percentage increase in the 1970's was substantially higher than the percentage increase in Virginia.

Similarly, savings in the single thrift institution in the county grew at an accelerated rate. First Federal Savings and Loan Association did not grow much in the 1960's, but in the 1970's its savings increased from \$1.5 on May 31, 1970 to \$9.3 million on December 31, 1977 - (Table V).

Housing

Just like population and other economic indicators discussed, the housing industry got a big boost in the 1970's. Table VI shows the number of housing units authorized in the county. Between 1970 and 1976 approximately 2,780

housing units were authorized in Warren County. As the table shows the number of housing units was increasing through 1974 when they reached 762 units and then declined. However, in 1977 the number of housing units authorized started rising again. With population rising the demand for housing is expected to remain strong.

Retail Sales

Unlike other indicators examined retail sales in the 1970-76 period grew at a slower rate than Virginia. In 1976, retail sales in the 1970-76 period estimated at \$48.1 million, compared with \$31.0 million in 1970. This constituted a 55.0 percent increase, as compared to 99.1 percent experienced in Virginia.

Financial Institutions in Warren County

There are three banks with six banking offices, one thrift institution with one office, and one credit union in Warren County, all located in the Town of Front Royal. They are: (1) Farmers and Merchants National Bank; (2) Bank of Virginia-Warren; (3) Peoples Bank of Front Royal; (4) First Federal Savings and Loan Association of Front Royal; and (5) Front Royal Federal Credit Union.

Farmers and Merchants National Bank has its main office in Winchester. It is part of F & M National Corporation, a bank holding company. Farmers and Merchants has three branches in the Town of Front Royal. As of June 30, 1977 these three branches had \$30.0 million in deposits, controlling 49.3 percent of total county bank deposits.

The second largest bank in terms of deposits is Bank of Virginia-Warren. This bank has its home office in Front Royal and is an affiliate of the Bank of Virginia Company, a Richmond-based bank holding company. It operates two offices in Front Royal. As of June 30, 1977 Bank of Virginia-Warren had \$25.0 million in deposits, controlling 41.0 percent of total county bank deposits. Bank of Virginia-Warren has been experiencing healthy growth in the last three years. The total deposits increased from \$20.3 million at the end of 1974 to \$28.3 million at the end of 1977. Earnings have also been above average, compared with similar size banks. In 1977 net income after taxes was \$411,000, compared with \$409,000 in 1976, \$371,000 in 1975 and \$350,000 in 1974. In all four years net income after taxes was above 1.4 percent of average assets, compared with approximately 1.0 percent experienced by similar size banks in Virginia.

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the end of 1975. This association has been profitable for a number of years. In 1977 First Federal increased its net worth through earnings by \$134,000, compared with \$80,000 in 1976, \$70,000 in 1975, and \$37,000 in 1974. As of December 31, 1977 its net worth was \$424,521 or 4.6 percent of savings, satisfying federal requirements.

First Federal was visited by this economist on January 25, 1978 and on February 24, 1978. Management stated that First Federal offers savings certificates at the maximum rate allowable by law but it compounds them on a quarterly basis. In other words, the effective rates are slightly lower than the maximum allowable by law. Management also stated that the demand for mortgage loans exceeds the growth of savings. Conventional 80.0 percent mortgage loans were being offered at 9.5 percent, which was slightly higher than the prevailing rate in Virginia metropolitan areas where competition is acute. In 1977 First Federal closed 207 loans, most of them in Warren County. Management also stated that First Federal will provide drive-in services and parking facilities in the very near future and that it will open a branch in Winchester in July 1978.

From the above it can be seen that a new thrift institution in Front Royal will give a second choice to area residents and increase competition without undue injury to existing institutions.

Opposition

The application of Front Royal Savings and Loan Association is opposed by the following institutions: (1) First Federal Savings and Loan Association of Front Royal; (2) Farmers and Merchants National Bank, Winchester; (3) Peoples Bank of Front Royal; and (4) Shenandoah Savings and Loan Association (organizing). The above institutions have asked for a public hearing to express their views.

Front Royal Savings is one of two associations applying for a certificate of authority to commence business in Front Royal. The other association is Shenandoah Savings. Both applicants are opposing each other and both applicants are opposed by the same institutions. Therefore, a joint public hearing would be in order.

Summary and Conclusions

In the 1970's there has been an economic upsurge in Warren County. While in previous decades the economy of Warren County was growing at a below average rate, in the 1970's the economy of Warren County started growing at a well above average rate. This is demonstrated by the growth of population, personal income, per capita income, building permits, bank deposits and savings in thrift institutions. The economic upsurge is probably associated with spillovers from the Washington, D. C. area and there are indications that growth will continue.

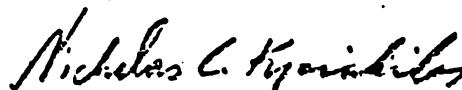
The level of economic development and growth can support a second thrift institution in Warren County without undue injury to existing institutions. The only thrift institution in the area, First Federal is growing at an accelerated rate and has been profitable for a number of years. Peoples Bank of Front Royal which opened for business on March 31, 1977 is experiencing a healthy growth. This bank has been profitable for a number of years, experiencing above average

earnings, compared with similar size banks. The bank paid a cash dividend in its fourth and fifth year of operations (1976 and 1977). Bank of Virginia-Warren is also growing at a healthy rate and earning above average, compared with similar size banks. The branches of Farmers and Merchants National Bank, Winchester have above \$30.0 million deposits, controlling nearly half of the bank deposits in the county. They are not expected to be affected detrimentally.

In the opinion of this economist one additional thrift institution in Warren County will result in an increase of competition without undue injury to existing institutions. The benefits to the public will outweigh the disadvantages associated with inefficiency and unfair competition.

It must be noted that Front Royal Savings is one of two associations applying for a certificate of authority to commence savings and loan business in Front Royal. Both applicants are opposing each other and both applicants are opposed by the same institutions. Each applicant claims that its application is better than the other one and that evidence to that effect will be presented at the public hearing. Since additional evidence will be presented at the public hearing, this economist refrains from offering a recommendation at this stage.

Respectfully submitted,



Nicholas C. Kyriakides
Economist

NCK/dco

TABLE I
POPULATION AND EMPLOYMENT DATA¹
March
Warren County

Data By Place of Residence:	March 1973	March 1974	March 1975	March 1976
Population	17,000	17,900	18,400	18,700
Total Employment	7,537	7,517	8,221	7,395
Nonagricultural Wage & Salary Employment	6,587	6,626	6,701	6,529
Data By Place of Work:				
Nonagricultural Wage & Salary Employment	5,728	5,754	5,777	5,624
Manufacturing	2,945	2,898	2,628	2,598
Durable Goods	377	264	215	237
Lumber	35	*	*	*
Furniture	*	*	*	*
Stone, Clay & Glass Prod.	*	*	*	*
Primary Metal Prod.				
Fabricated Metal Prod.				
Machinery, except Electrical				
Electrical Machinery				
Transportation Equipment				
Miscellaneous Manufacturing				
All Other Durable Goods ²	342	264	215	237
Nondurable Goods	2,568	2,634	2,413	2,361
Food	98	106	93	99
Tobacco				
Textile		*	*	
Apparel	*	*	*	*
Paper				
Printing		*	*	*
Chemicals		*	*	*
Rubber & Plastics				*
All Other Nondurable Goods ²	2,470	2,528	2,320	2,262
Nonmanufacturing	2,783	2,856	3,149	3,026
Mining	*			
Contract Construction	297	305	274	294
Transportation & Public Utilities	176	171	172	162
Wholesale & Retail Trade	960	910	960	941
Finance, Insurance & Real Estate	113	127	183	145
Service	631	696	735	696
Government	576	610	783	780
Federal	53	63	84	83
State	141	155	163	153
Local	382	392	569	544
All Other Nonmanufacturing ²	30	37	9	8

¹All data subject to revision.

²Includes the sum of those industries denoted by an asterisk and/or not otherwise specified. Industrial groups are not broken out if the employment could identify individual firms.

Source: Manpower Research, Virginia Employment Commission, September, 1977.

TABLE II
POPULATION
WARREN COUNTY

Year	Population	Percentage Change
1952	14,801	-
1960	14,655	(-1.0)
1970	15,301	4.4
1976 ¹	18,700	22.2
1980 ²	21,500	15.0
1990 ²	28,200	31.2

¹Estimate by Tayloe Murphy Institute.

²Projections by Virginia Department of Planning and Budget

Source: U. S. Bureau of the Census; Tayloe Murphy Institute; Virginia Department of Planning and Budget.

TABLE III
PER CAPITA INCOME
WARREN COUNTY

Year	Warren County Per Capita Income	Index (Virginia=100)
1952	1,234	102.9
1962	1,740	85.1
1970	3,243	87.4
1975	5,113	88.4

Source: Tayloe Murphy Institute.

TABLE IV
BANK DEPOSITS
WARREN COUNTY

Mid-Year	Bank Deposits	Percentage Change
1950	6,822,000	-
1960	12,131,000	77.8
1970	24,024,000	98.0
1972	32,745,000	36.3
1973	37,828,000	15.5
1974	42,901,000	13.4
1975	47,028,000	9.6
1976	52,280,000	11.2
1977	60,898,000	16.5

Source: Federal Deposit Insurance Corporation

TABLE V
SAVINGS GROWTH
FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF FRONT ROYAL
WARREN COUNTY

Year	Savings
May 31, 1970	1,538,000
May 31, 1971	1,906,000
May 31, 1972	2,511,000
Sept. 30, 1973	3,469,000
Sept. 30, 1974	4,217,000
Sept. 30, 1975	5,418,000
Sept. 30, 1976	7,063,000
Dec. 31, 1977	9,267,000

Source: Federal Home Loan Bank Board. 1977 savings was taken from a call report of First Federal Savings and Loan Association of Front Royal.

TABLE VI
HOUSING UNITS AUTHORIZED
WARREN COUNTY

Year	Number of Housing Units
1970	309
1971	341
1972	374
1973	431
1974	762
1975	390
1976 ¹	173
1977 ²	206

¹The 1976 figure was given in writing to this economist by County Administrator J. Ronald George who stated that the 1976 figure cited by Tayloe Murphy is incorrect.

²The 1977 figure does not include the Town of Front Royal. According to the Town Engineer the Town of Front Royal issued 132 building permits in 1977. It is not known how many of the building permits were for new housing units.

Source: Tayloe Murphy Institute; Warren County Administrator; Town Engineer of Front Royal.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 23, 1978

APPLICATION OF

SHENANDOAH SAVINGS AND LOAN
ASSOCIATION

CASE NO. 20013

To begin business at the east
side of Commerce Avenue (Route 522)
400 feet south of its intersection
with Route 55, Front Royal, Warren
County, Virginia

On a former day came Shenandoah Savings and Loan
Association, pursuant to §6.1-195.47 of the Code of Virginia,
and applied for authority to begin business at the east side
of Commerce Avenue (Route 522) 400 feet south of its inter-
section with Route 55, Front Royal, Warren County, Virginia,
such savings and loan association having been incorporated
as a stock savings and loan association on November 3, 1977.

On May 5, 1978 came the First Deputy Commissioner of
Banking, and filed the Bureau of Banking's Report of Investi-
gation on the application, which Report is made a part of
the record herein.

AND, IT APPEARING to the Commission that it will be
necessary to hold a hearing on the application to determine
whether the authority requested by the applicant should be
granted,

IT IS ORDERED that the application herein be assigned
Case No. 20013 and that said case be docketed and set for
hearing in the Courtroom of the State Corporation Commission,

Blanton Building, Richmond, Virginia at 10:00 a.m. on October 24, 1978, at which time and place the Commission will hear all parties in interest with respect to the application.

Notices of Protest having been filed with the Bureau of Banking by Front Royal Savings and Loan Association (in organization), Farmers and Merchants National Bank (Winchester), The Peoples Bank of Front Royal, and First Federal Savings and Loan Association (Front Royal), all others receiving notice hereof who desire to become protestants herein are ordered to file their Notices of Protest, pursuant to Rule 5:16(a) of the Rules of Practice and Procedure of the Commission not later than July 14, 1978.

AND, IT IS FURTHER ORDERED, pursuant to Rule 6:2 of the aforesaid Rules, that the applicant and all protestants herein pre-file all testimony of a technical or expert nature and all such exhibits upon which they intend to rely. In addition to the requirements of Rule 6:2, each party (or counsel therefor) shall certify that copies of its pleadings and pre-filed testimony have been mailed or delivered to all of the parties of record. Pre-filing shall be in accordance with the following schedule: (1) applicant shall pre-file its testimony by September 15, 1978. (2) all protestants shall file their protests, pursuant to Rule 5:16(b), by September 29, 1978. (3) all protestants shall pre-file their testimony by October 13, 1978.

ATTESTED COPIES hereof shall be sent to Anthony F. Troy, Esquire, Mays, Valentine, Davenport & Moore, F&M Center, P.O. Box 1122, Richmond, Virginia 23208 and Eric E.

Adamson, Esquire, 109-A East Main Street, Front Royal, Virginia 22630, counsel for the applicant; James M. Thomson, Esquire, counsel for Front Royal Savings and Loan Association, P.O. Box 1138, Alexandria, Virginia 22313; W. M. Feltner, President, Farmers and Merchants National Bank, 115 North Cameron Street, Winchester, Virginia 22601; Hugh D. McCormick, President, The Peoples Bank of Front Royal, Front Royal, Virginia 22630; Dr. Milton A. Joyce, President, First Federal Savings and Loan Association, One South Royal Avenue, Front Royal, Virginia 22630; Virginia Savings and Loan League, Imperial Building, Fifth and Franklin Streets, Richmond, Virginia 23219; Virginia Bankers Association, 700 East Main Street, Richmond, Virginia 23203; William D. Branham, Senior Vice President, Federal Home Loan Bank of Atlanta, P.O. Box 56527, Atlanta, Georgia 30343; and, to the Commissioner of Banking.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 21, 1978

APPLICATIONS OF

FRONT ROYAL SAVINGS AND LOAN
ASSOCIATION

CASE NO. 20012

To begin business at the northwest
corner of Commerce Avenue and Sixth
Street, Front Royal, Warren County,
Virginia

and

SHENANDOAH SAVINGS AND LOAN
ASSOCIATION

CASE NO. 20013

To begin business at the east
side of Commerce Avenue (Route 522)
400 feet south of its intersection
with Route 55, Front Royal, Warren
County, Virginia

A hearing on the applications herein was held October 24, 1978 before the Commission. Commissioner Junie L. Bradshaw presided. Applicant Front Royal Savings and Loan Association was represented by James M. Thomson and Thomas S. Schott, its counsel. Applicant Shenandoah Savings and Loan Association was represented by Anthony F. Troy and D. Eugene Webb, its counsel. Flournoy L. Jargent appeared as counsel for protestants, First Federal Savings and Loan Association, Farmers and Merchants National Bank, and The Peoples Bank of Front Royal. William F. Schutt, counsel to the Commission, was present at the hearing.

With the consent of all counsel, the Commission determined that it would consider first the question whether the public interest would be served by the addition of a savings

and loan association in Front Royal, leaving for a later decision the issue of which of the two associations should be granted a certificate.

Now, having considered the applications herein, the reports of investigation prepared by the Bureau of Financial Institutions, and the evidence introduced before the aforesaid hearing was recessed, the Commission has ascertained that the public interest will be served by an additional savings and loan association in Front Royal, the community where these are proposed to be located.

THEREFORE, IT IS ORDERED, that the hearing on the applications herein be re-convened, as scheduled, on December 20, 1978 at which time the Commission will hear additional evidence on the issue of which of the two applicant associations should be granted a certificate of authority.

AN ATTESTED COPY hereof shall be sent to each of the following: James M. Thomson, Esquire, counsel for Front Royal Savings and Loan Association, P.O. Box 1138, Alexandria, Virginia 22313; Anthony F. Troy, Esquire, Mays, Valentine, Davenport and Moore, F&M Center, P.O. Box 1122, Richmond, Virginia 23208, counsel for Shenandoah Savings and Loan Association; W. M. Feltner, President, Farmers and Merchants National Bank, 115 North Cameron Street, Winchester, Virginia 22601; Hugh D. McCormick, President, The Peoples Bank of Front Royal, Front Royal, Virginia 22630; Dr. Milton A. Joyce, President, First Federal Savings and Loan Association, One South Royal Avenue, Front Royal, Virginia 22630; Virginia Savings and Loan League, Imperial Building, Fifth and Franklin Streets, Richmond, Virginia 23219; Virginia Bankers Association, 700 East Main Street, Richmond, Virginia 23203; William D.

Branham, Senior Vice President, Federal Home Loan Bank of
Atlanta, P.O. Box 56527, Atlanta, Georgia 30343; and, to the
Commissioner of Financial Institutions.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

APPLICATION OF

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION

CASE NO. 20012

APPLICATION OF

SHENANDOAH SAVINGS AND LOAN ASSOCIATION

CASE NO. 20013

BRIEF IN LIEU OF CLOSING ARGUMENT

THOMSON, PIKRALLIDAS & SCHOTT
201 N. Washington St.
Alexandria, Va. 22313
Counsel for Applicant
Front Royal Savings and Loan Association

BRIEF IN LIEU OF CLOSING ARGUMENT

On December 20, 1978, the two contesting applicants, Front Royal Savings and Loan Association ("FRSL"), and Shenandoah Savings and Loan Association ("Shenandoah") for a certificate of authority to do business in Front Royal, Virginia, came before this Commission to present evidence as to why each organization is better qualified to receive the approval of the Commission.

It is virtually conceded by both applicants that the subscribers of each group represent strong local support for the establishment of a savings and loan institution in Front Royal.

As of December 13, 1978, FRSL had 547 subscribers of 89,001 shares representing at least \$1,112,512.50 in capital (Tr. 297) and Shenandoah had 544 subscribers to 97,187 shares. FRSL had a subscription rate of 86% living in Front Royal or Warren County, compared to 77.2% for Shenandoah.

There was some dispute as to the households represented by these subscribers with FRSL showing 414 households and Shenandoah showing 310 based upon the calculations of FRSL (RSG15, p. 9). This figure was refuted by Eric Adamson who claimed 440 households were represented by the Shenandoah subscribers (Tr. 452). In any event, it is clear that both groups of subscribers represent a strong basis of local support for whichever group that is approved.

It is equally clear that the evidence shows that both Boards of Directors represent a qualified cross-section of the community with members with strong local ties to the Front Royal area. Although the Board of FRSL contains a greater number of local lifetime residents than Shenandoah, we do not contest the fitness of Shenandoah members. The Commission will recall, the better portion of the hearing was devoted to an attempt by counsel for Shenandoah to establish the lack of business judgment on the part of FRSL and Ronald Gilliam in particular. This examination was characterized by Commissioner Shannon at one point as a fishing expedition (Tr. 380). In final analysis, all that was shown was that FRSL was turned down on a previous application on the sole ground of lack of need. In fact, the evidence adduced on cross examination indicated that FRSL has weathered a recession and is before this Commission seeking a certificate with over 540 subscribers who have faithfully supported FRSL efforts from the inception.

Much cross examination was directed toward an effort to demonstrate discrepancies and changes in the first application filed in 1972 by FRSL and its instant application. The statement was offered by Shenandoah's counsel, subject to check, that 8,298 shares had been withdrawn since the initial group of shareholders was

subscribed (Tr. 337). Obviously, reasons such as death, moving, and financial changes are perfectly legitimate and unavoidable explanations why a subscriber or his successor might wish a refund. Such withdrawal is particularly insignificant in light of the fact that a letter was sent out in 1973 by FRSL offering to return each subscriber's money inasmuch as FRSL had been denied a certificate by the Commission, (Tr. 385) and in view of the fact that economy experienced a recession in 1973. In any event, the withdrawal represents less than 10% of the current subscriptions. It is abundantly clear that many criteria have changed between the first and second applications of FRSL and that comparisons of the two applications are both meaningless and potentially misleading.

We feel there are three salient reasons why our application is superior to that of Shenandoah.

First, FRSL has been able to maintain and fund its organizational expenses solely with income from interest and rents earned during its organization. Therefore, every allowable cent of capitalization can be applied directly to future needs and FRSL will be able to recover its initial losses much sooner than Shenandoah. FRSL has already purchased its office location and, in fact, has realized a \$60,000 appreciation on its purchase (Tr. 382) and has been steadily receiving rental income from its investment.

Second, FRSL would submit to this Commission that its proposed location is superior in all respects to that of Shenandoah. The location at Sixth and Commerce Street is centrally located to the PSA and to the primary business district of Front Royal and in fact is within walking distance for many residents (LCP-1, p. 14). Sixth Street and Sixth Street extended is the only eastwest thoroughfare in Front Royal. Commerce Avenue additionally is the major north-south street in Front Royal (Tr. 300). As Exhibit 21 indicates, the twenty-four hour traffic count at the FRSL location is 11,450 as compared to the closest comparative figure of 4,450 for the Shenandoah site. (RSG-15, p. 12).

Shenandoah places great store in its presentation in that the location of their proposed office will be next to a major shopping center for Front Royal and therefore shall serve the convenience of the community (Tr. 470). On cross-examination, however, it was revealed that the said shopping center was, in fact, separated from Shenandoah's location by a creek. (Tr. 493). Shenandoah's site is surrounded mainly by open land in an area of non-growth (RSG15, p. 12).

Even Mr. Adamson testifying on behalf of Shenandoah agreed that FRSL has selected the most central location in town (Tr. 466). He further admits that both proposed sites are equidistant from the area of strongest residential growth (Tr. 469).

It is additionally unrefuted that the intersection of Sixth and Commerce bears one of the heaviest traffic loads in Front Royal. (LCPl, p. 13-14). A new bridge is being constructed to promote traffic flow and the area has attracted the new Post Office site.

Shenandoah must resort to projections roughly two decades in the future in order to favorably compare with the traffic flow figures presently existing at the proposed site of FRSL. (Exhibit 21), (Tr. 478).

Third, FRSL has obtained the commitment of James A. Hight to serve as chief operating officer and Chairman of the Board. He is a man of long and successful experience in banking and real estate finance. He presently serves as Chairman of the Board of Bank of Virginia-Warren and is a civically oriented resident of Front Royal. The quality of leadership which Mr. Hight brings to FRSL will be a valuable asset to the successful organization and operation of the Association during its crucial formative years (Tr. 297).

Several points were raised during the cross-examination of Ronald Gilliam which we believe should be addressed.

Mr. Frank Brumback, a director of FRSL is also Chairman of the Board of the Bank of Frederick (Tr. 391). A question was raised as to whether such dual service is a possible violation of 6.1-2.7 Code of Virginia, 1950. It is uncontroverted that Mr. Brumback held both these positions as of July 1, 1978. FRSL would submit that Brumback falls within the purview of the grandfather clause deferring the effect of this statute to July 1, 1982 in such situations. FRSL further submits that Brumback will voluntarily withdraw should the Commission or the FHLBB so request. Although FRSL is not certificated at this time it is certainly a corporation organized to provide savings and loan services and Mr. Brumback has been a member of its Board throughout this organizational period.

Another point raised by Shenandoah is the similarity of language in a portion of the answer to question 30 of Ronald Gilliam's prefiled testimony and a portion of the answer to question 15 of the prefiled testimony of Laurence Pettit. The substance of Gilliam's testimony are his thoughts and opinions (Tr. 312) but FRSL will readily concede that the final wording was prepared in consultation with counsel (Tr. 401).

A question was raised as to the fact that FRSL has solicited over one-half million dollars of deposit pledges. Let it suffice to say that should the FHLBB instruct us to cancel deposit pledges we are prepared to do so. However, there is not to our knowledge such a policy promulgated by the Bureau of Financial Institutions or the Commission. It has been our experience that SCC encourages such solicitations and has looked to such pledges as a factor to be considered in weighing the strength of the applicant and its community support. Certainly \$514,000 of deposit pledges is of significance in weighing the relative qualifications of the opposing applicants.

The contention was also made that FRSL was improperly defraying expenses with earned income contrary to an uncited FHLBB regulation. As to this point, FRSL would state that this alleged regulation is certainly not a rule of the State Corporation Commission nor has it a relevancy to this proceeding. Furthermore, it is obvious that had expenses been charged against capital the accounts of FRSL would show a large accumulated earned income. A simple paper transfer of funds will bring FRSL into compliance with any such regulation.

Finally, FRSL submits the fact that J. William Gilliam, Ronald Gilliam and Sam Baggarly are members of its Board is of no significance as to the comparison of the two applicants. However, FRSL stands ready to proceed to comply with any recommendation, if any, which the Bureau of Financial Institutions or FHLBB might impose with regard to this matter (Tr. 392).

In passing it should also be noted that the rescission offering circular distributed by Shenandoah (Exhibit 19) states in substance that officers and directors do not intend to subscribe to additional shares of stock and it sets forth what the percentage of ownership of the outsider subscribers will be. (Ibid. p. 24.) This rescission offer expired by its own terms on October 10, 1978. In less than two weeks thereafter, each director had subscribed to an additional 1000 shares of stock in direct conflict to Shenandoah's stated objective (Tr. 492). Certainly the Board of Directors of Shenandoah should have foreseen this change of circumstance and avoided this obvious reversal from its just previously stated position.

Were all bases of comparison between the applicants equal, FRSL respectfully submits that it should be afforded favored consideration in that it has applied before and was denied solely on the basis of need. However, we believe that the evidence adduced at this hearing clearly indicates that FRSL has demonstrated superior qualifications for a certificate of authority regardless of any priority consideration in at least three major areas: (1) a better proposed location; (2) the retention of a qualified chief operation officer; and (3) a strong financial position. In contrast, Shenandoah has demonstrated no relevant area wherein it has superior qualifications and has for the most part dwelled on attempts to show technical and inconsequential problems which FRSL has experienced over the 10 years the organizers have worked to bring a savings and loan to Front Royal. FRSL submits its organization will be successful if granted a certificate of authority for the above stated reasons.

The Board of Directors of FRSL has demonstrated its group's superior qualifications, its ability to work, persevere and succeed and we would respectfully submit

that its application for a certificate of authority should be granted, and consequently, that the Shenandoah application should be denied.

Respectfully submitted,

FRONT ROYAL
SAVINGS AND LOAN ASSOCIATION

By: Charles E. Pikrallidas
Counsel

THOMSON, PIKRALLIDAS & SCHOTT
201 N. Washington St.
Alexandria, Va. 22313
Counsel for Applicant
Front Royal Savings and Loan Association

By: Charles E. Pikrallidas
Charles E. Pikrallidas

CERTIFICATE

I hereby certify that a copy of the foregoing Brief in Lieu of Closing Argument was mailed to William F. Schutt, Esq., State Corporation Commission, Blanton Building, Richmond, Virginia 23219; Anthony Troy, Esq., Mays, Valentine, Davenport & Moore, 111 East Main St., Richmond, Virginia; and Flournoy L. Largent, Jr., Esq., Largent, Anderson, Larrick, Groves & Crump, P.O. Box 444, Winchester, Va. 22601, this 9th day of January, 1979, postage prepaid.

Charles E. Pikrallidas
Charles E. Pikrallidas

APPLICATION OF

FRONT ROYAL SAVINGS AND
LOAN ASSOCIATION

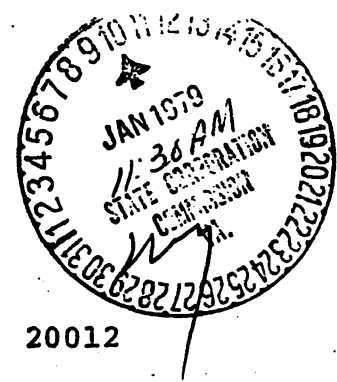
CASE NO. 20012

and

SHENANDOAH SAVINGS AND
LOAN ASSOCIATION

CASE NO. 20013

To begin business in
Front Royal, Virginia



SUMMARY MEMORANDUM

The Commission's order of November 21, 1978 determined that a new savings and loan association is warranted in Front Royal. From the standpoint of the public interest the issue now before the Commission may be stated: Is one applicant better qualified to establish and operate a financial institution than the other?

Since neither association has an operating record, the Commission must choose between them based upon their respective organizing histories, and on the case put on by each of them at the hearing held December 20.

The following comparisons are relevant:

On one hand there is evidence of the open way in which Shenandoah elected its organizing board at a general meeting of subscribers held early on. On the other hand, Front Royal began as a closely-held company dominated by the Gilliam interests, and - though the association now has a large number of subscribers and two additional directors - nothing indicates that the core group's domination of this organization has diminished.

Secondly, according to the evidence, Shenandoah has dealt effectively with routine organizational decisions, such as: selection of a chief executive officer, choice of a site, election of its organizing board. In addition, it handled directly and decisively the disclosure problem that resulted from the inadequacy of its original circular. It has sought the views of state and federal regulatory agencies, and has taken steps - on its own - to comply with those views.

In contrast, Front Royal's approach has been less forward-looking and less effectual. We refer here to several matters: (1) its early argument that funds received from stockholders could be invested in first deeds of trust, (2) the accidental lapse of its corporate charter, (3) the dormancy of the application well beyond the time when it might reasonably have been expected to reapply.¹ Presently, there is still evidence of Front Royal's failure to tie up loose ends: (1) the way has not been cleared for Mr. Brumback's remaining on the Board, (2) it has been left for the Commission to decide whether Messrs. William Gilliam and Baggarly ought appropriately to remain on the Board, (3) the "gentleman's agreement" with Mr. Hight, the proposed chief executive officer, is uncertain. (This despite the fact that Front

¹ These occurrences relate to the association's history after its incorporation in 1968 - but prior to its second application in late 1977.

Royal touted its having obtained an impressive chief executive officer as a highlight of its case for preference.) Incidentally, there is no evidence in the Bureau's files that Hight's resume was submitted, as alleged.

It appeared from questioning at the hearing that the principal organizer of Front Royal was not aware of federal regulatory policies concerning certain aspects of organizing. We do not suggest that it is the Commission's place to enforce (in effect) FSLIC policy. However, in this case, since the Commission has already found a new S&L in the public interest, it should approve the applicant that has the better chance of obtaining insurance and opening for business. Moreover, the organizer's lack of awareness - at least in a relative sense - reflects a degree of shortsightedness.

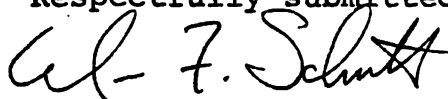
Shenandoah's testimony at the hearing was straightforward and unequivocal. It did not leave loose ends. Shenandoah offered to reveal for Commission scrutiny the unsuccessful merger negotiations between the parties. On the other hand, Front Royal's testimony (though pre-filed) was vague, less candid, and unsettled on several issues. Front Royal objected strenuously to the Commission's hearing anything about the merger negotiations.

Based upon the evidence received at the hearing, and upon review of the administrative files relating to the two

applicants², questions remain concerning the business acumen, the amenability to regulation, and the motivation of the Front Royal group. No such reservations exist with respect to Shenandoah.

In short, Shenandoah has shown a desire to find out what conducting a regulated depository institution entails, and an ability to plan and carry out decisions within that framework. Front Royal's organizers have not demonstrated such desire and ability to an equal degree; in some respects they have proceeded haphazardly. It is reasonable to expect that the patterns established during organization will continue in the functioning association. Operating a savings and loan association does involve a degree of responsibility to the public - a public trust, if you will. It is submitted that Shenandoah Savings and Loan has shown itself more qualified to conduct such a regulated business.

Respectfully submitted,

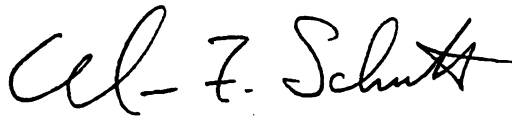


William F. Schutt
Assistant General Counsel

² The Commission may properly take official notice of all such files. These, with the transcript of testimony, make up the records in the cases.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing Summary Memorandum was mailed on January 10, 1979, to James M. Thomson, Esquire, Counsel for Front Royal Savings and Loan Association, P.O. Box 1138, Alexandria, Virginia 22313; and to Anthony F. Troy, Esquire, Mays, Valentine, Davenport and Moore, F&M Center, P.O. Box 1122, Richmond, Virginia 23208.



William F. Schutt
Assistant General Counsel

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 21, 1979

APPLICATIONS OF

FRONT ROYAL SAVINGS AND LOAN
ASSOCIATION

CASE NO. 20012

To begin business at the northwest
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and

SHENANDOAH SAVINGS AND LOAN
ASSOCIATION

CASE NO. 20013

To begin business at the east
side of Commerce Avenue (Route 522)
400 feet south of its intersection
with Route 55, Front Royal, Warren
County, Virginia

After an October 24, 1978 hearing on the subject
applications, the Commission by order dated November 21,
1978 ascertained that "the public interest will be served by
an additional savings and loan association in Front Royal",
and re-convened the hearing on December 20, 1978 to receive
additional evidence concerning which of the two applicants
should be granted a certificate of authority. All parties
were either present at the December 20 hearing or repre-
sented by counsel.

Now, having considered again the applications herein
and the reports of investigation made by the Commissioner of
Financial Institutions in light of the evidence adduced at
the aforesaid hearings, the Commission is of the opinion and
finds that the application of Front Royal Savings and Loan
Association (in organization) should be granted subject to
the conditions hereinafter stated. Since it previously has
found that the public interest will be served by the addition
of only one savings and loan association, the Commission is
of the opinion and finds that the application of Shenandoah
Savings and Loan Association (in organization) should be
denied, and said application hereby is denied.

With respect to the application granted the Commission
finds that: (1) all applicable provisions of law have been

complied with by the applicant; (2) shares of stock to the value of at least \$50,000 have been purchased by stockholders of the applicant and the purchase price has been paid into the treasury of the applicant in cash; (3) regulations governing directors of the applicant have been complied with; (4) the public interest will be served by an additional savings and loan facility in the community where the applicant is proposed to be located; (5) the officers and directors of the applicant are of moral fitness, financial responsibility, and business ability.

In view of the foregoing, IT IS ORDERED that a certificate of authority to commence business as a savings and loan association at the northwest corner of Commerce Avenue and Sixth Street, Front Royal, Warren County, Virginia be issued, and such a certificate hereby is issued to Front Royal Savings and Loan Association (in organization), upon condition that the following requirements be met before the association opens for business:

(1) That it resolve the question concerning director Brumback's eligibility to serve on its board;

(2) That it obtain from the Federal Savings and Loan Insurance Corporation approval for insurance of its accounts;

(3) That it receive from the Commissioner of Financial Institutions his approval of the qualifications of the chief executive officer who is to manage the savings and loan association; and

(4) That the balance of monies due for the purchase of stock be paid into the treasury;


(5) That it begin business at the designated location within one year from this date, and that it notify the Commissioner of Financial Institutions of the date upon which it opens for business.

AN ATTESTED COPY hereof shall be sent to each of the following: James M. Thomson, Esquire, counsel for Front Royal Savings and Loan Association, P.O. Box 1138, Alexandria,

Virginia 22313; Anthony F. Troy, Esquire, Mays, Valentine, Davenport and Moore, F&M Center, P.O. Box 1122, Richmond, Virginia 23208, counsel for Shenandoah Savings and Loan Association; Flournoy L. Largent, Jr., Esquire, Graichen Building, 25 East Boxcawen Street, P.O. Box 444, Winchester, Virginia 22601; W. M. Feltner, President, Farmers and Merchants National Bank, 115 North Cameron Street, Winchester, Virginia 22601; Hugh D. McCormick, President, The Peoples Bank of Front Royal, Front Royal, Virginia 22630; Dr. Milton A. Joyce, President, First Federal Savings and Loan Association, One South Royal Avenue, Front Royal, Virginia 22630; Virginia Savings and Loan League, Imperial Building, Fifth and Franklin Streets, Richmond, Virginia 23219; Virginia Bankers Association, 700 East Main Street, Richmond, Virginia 23203; William D. Branham, Senior Vice President, Federal Home Loan Bank of Atlanta, P.O. Box 56527, Atlanta, Georgia 30343; and, to the Commissioner of Financial Institutions.

A True Copy

Teste:



Clerk of State Corporation Commission.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
RICHMOND

AT RICHMOND, JUNE 20, 1979

APPLICATIONS OF

FRONT ROYAL SAVINGS AND LOAN
ASSOCIATION

CASE NO. 20012
OPINION

To begin business at the northwest
corner of Commerce Avenue and Sixth
Street, Front Royal, Warren County,
Virginia

and

SHENANDOAH SAVINGS AND LOAN
ASSOCIATION

CASE NO. 20013
OPINION

To begin business at the east
side of Commerce Avenue (Route 522)
400 feet south of its intersection
with Route 55, Front Royal, Warren
County, Virginia

On December 22, 1977 Front Royal Savings & Loan
Association filed an application for a certificate of authority
to begin business in Front Royal. Shenandoah Savings and
Loan Association filed its application February 8, 1978.
Each organizing association objected to the other's applica-
tion, and both were opposed by First Federal Savings and
Loan Association of Front Royal, Peoples Bank of Front
Royal, and Farmers and Merchants National Bank (Winchester).

By order dated June 23, 1978 the Commission set both
matters for a hearing October 24, 1978. At the hearing
Front Royal was represented by James M. Thomson and Thomas S.
Schott; Shenandoah was represented by Anthony F. Troy and

D. Eugene Webb; First Federal, Peoples Bank, and Farmers and Merchants were represented by Flournoy L. Largent, Jr. The Bureau of Financial Institutions' investigation reports dated April 26, 1978 (Shenandoah) and April 27, 1978 (Front Royal), which had been prepared by economist Nicholas C. Kyriakides, were received into the record by stipulation of counsel. By agreement, the scope of the October 24 proceeding was limited to determining whether the public interest would be served by additional savings and loan facilities in Front Royal, as required by §6.1-195.47(4), Code of Virginia.

Based on the Bureau of Financial Institutions' reports and the hearing on that issue, the Commission decided that existing and potential economic growth justified the addition of one savings and loan association. That conclusion, announced in the Commission's November 21, 1978 order, has not been disputed and is outside the scope of this appeal. The Commission based its finding on evidence that Front Royal, the county seat and financial center of Warren County,¹ had shown considerable growth in population, income, sales, and financial institution deposits during the 1970's, and that the extension of Interstate Route 66 to the town

¹ Front Royal (population, 9,272 in 1975) and the county are now served by seven offices of three banks and by a single savings and loan office.

of Front Royal virtually assured that the development already begun there would continue.

The order of November 21 also re-convened the hearings for the purpose of receiving evidence on the issue: Which of the two applicants should be granted a certificate? All parties appeared in person or by counsel December 20, and, following adjournment of the day's hearing, counsel for Front Royal, for Shenandoah, and for the Bureau filed memoranda in summation. On February 21, 1979 the Commission granted Front Royal's application and denied that of Shenandoah. Shenandoah noted an appeal February 26, 1979. In accordance with the mandate of §12.1-39, Code of Virginia, the Commission files this statement of the reasons upon which its action was based.

The authorization granted February 21 was contingent upon resolution of a question concerning the eligibility of Frank A. Brumback, currently chairman of the board of the Bank of Frederick County, to serve on the board of Front Royal. Section 6.1-2.7 of the Code of Virginia prohibits serving on the boards of two financial institutions simultaneously, but contains a grandfather clause allowing those persons who were on more than one board July 1, 1978 to remain so situated until November 10, 1988. The Commission is now of the opinion that, since Mr. Brumback was a member

of both boards on the effective date of the law (even though Front Royal was not then authorized to begin business), he falls within the scope of the legislature's intent in enacting a grandfather provision. Therefore, the Commission hereby concludes that Mr. Brumbach is eligible to serve on the board of Front Royal, as well as on the Bank of Frederick's board.

Shenandoah appeals our selection of Front Royal to receive the one available certificate of authority.

The necessity of making a choice between two qualified applicants for a savings and loan certificate, thereby rejecting one, is unique in the experience of this Commission. To our knowledge no reported case deals with just this situation where one of two competing applicants is an association which has been turned down before.² It is regrettable that the merger negotiations the two groups carried on intermittently since April, 1978 were not successful. A merger might have combined the best elements of each association and brought sought-after service to the public much sooner than will be the case under existing circumstances.

² Front Royal was denied a certificate of authority by order of October 3, 1973. On that date we found that there was not a public need for additional savings and loan facilities in the community. Our decision then necessarily took into account the fact (reflected in Mr. Kyriakides' reports) that Peoples Bank of Front Royal had just opened for business March 31, 1973.

Counsel for the parties argued whether Front Royal's being first to file its current application (or its earlier, unsuccessful attempt) should vest it with a prior right to be granted authority. However, no legal basis for either of their positions was offered. Though we first sought a solution in the law to the dilemma facing us, we found no authority dispositive of the problem. But, we did discover two cases we thought were helpful.

Schaake v. Dolley, 118 P. 80 (Kan., 1911), stood for this proposition:

. . . Where two equally deserving applications are pending at the same time for the establishment of a bank in the same locality, and the business in the community requires only one, if the statute makes no provision for a choice in such a case, it has been held proper to grant the application first filed. 10 Am Jur 2d, Banks and Banking §24.

But that rule still left us the question of fact: are these two applications equally deserving?

In striking down an arbitrary procedural rule which gave the first applicant to file the right to be heard and decided before another could be considered, the Superior Court of New Jersey, Appellate Division, in Stafford State Bank v. Schaub, 363 A2d 1209 (1976) observed, that "fairly contemporaneously filed applications . . . should be heard

together." The Court reminded us of the chartering authority's obligation "to determine which of the two applications will best serve that [the public's] interest". (Ibid, p. 1218)

Considering that precise question of fact, we first decided that the aspects of these particular applications which would affect most directly the general public's interest in a new savings and loan institution were: (1) location, (2) financial position, and (3) management.³

We find that Front Royal's central location affords it clear superiority on that score. Though we understand the considerations which might lead organizers of a savings and loan to choose a site near areas of residential and commercial growth, and we do not criticize Shenandoah's decision to select the south edge of town, based on the facts in this case we believe the downtown location chosen by the organizers of Front Royal will serve more people conveniently for the immediate future.

³ In this case we omit discussion of a fourth important factor: stockholder support in the community, because these two firms showed virtually equivalent subscriptions to stock.

On December 20, 1978, Front Royal claimed 547 subscribers, representing some 414 households, to 89,001 shares of stock. 86 percent of those subscribers were from Warren County. Shenandoah had 544 subscribers, representing 440 households, to 97,187 shares. 77.2 percent of subscribers were from Warren County.

Each of the applicants obtained subscriptions to over \$1 million in capital stock - providing each an adequate (and approximately equal) capital base. However, Front Royal's earlier formation gives it a head start financially. The Bureau's economist, Mr. Kyriakides, noted that the smaller initial losses which Front Royal could anticipate were the result of the income it had accumulated since 1968 from paid-in subscription funds. This ability of Front Royal to recover its initial losses more quickly - and therefore to become profitable sooner - is significant from the public's standpoint, because a financial institution's strength and capacity to offer service are affected by its profitability.⁴

Both boards of directors, we find, meet the requirement of §6.1-195.47(5) of the Code, that the officers and directors of the proposed association be of moral fitness, financial responsibility, and business ability. Shenandoah argued that its board was superior to Front Royal's, because (1) it had been elected at a meeting of subscribers, and Front Royal's had not been so chosen, (2) it, unlike Front Royal, had no directors who were related by blood or through employment

⁴ Though both applicants had exaggerated in projecting income, according to Mr. Kyriakides, Front Royal's calculations were considerably more realistic.

affiliation,⁵ and (3) it included a high percentage of professional men.

Acknowledging that Shenandoah possesses the foregoing worthwhile assets, we nevertheless adjudge that Front Royal has certain management advantages which weigh more significantly. One of its members, Mr. Brumback, brings to the board valuable experience gained as chairman of the board of a bank in nearby Frederick County.⁶ Second, Front Royal, recognizing the usefulness of getting its chief executive officer "on board" early, has been fortunate in obtaining an agreement with a capable local banker, Mr. James A. Hight.⁷ Mr. Hight will retire as chairman of the board of Bank of Virginia-Warren and will become chairman and chief executive of Front Royal.

⁵ The Front Royal board has Ronald S. Gilliam and J. William Gilliam, who are brothers, and Samuel Baggarly, who manages the Gilliam family's lumber company.

⁶ We note that for its own part, Shenandoah has Mr. Kermit Nichols, who has been chairman of the Front Royal Federal Credit Union.

⁷ In citing this factor as an important advantage, we are aware, of course, that practical constraints often require that we issue a certificate before a chief executive is named and approved. And we do not fault Shenandoah for keeping its options open by negotiating with Mr. Hight while continuing to search widely for the best available man.

(May we simply note here in passing our preference for a small board. Our experience indicates that generally when boards have perhaps ten or more members, they tend to become unwieldy, more prone to factionalism, and somewhat less likely to remain involved actively in the institution's affairs.)

During lengthy cross-examination of Mr. Gilliam, counsel for Shenandoah brought out several matters pertaining to Front Royal's re-organization, which began about September 1977. It was pointed out that Front Royal's subscriptions to stock had been obtained without its giving any written disclosure to potential purchasers, whereas Shenandoah had used an offering circular and later a rescission offer in soliciting subscriptions, even though it was not required by law to do so.⁸ Certainly we endorse the concept of full and fair disclosure; the Commission's Division of Securities and Retail Franchising administers Virginia's "blue sky" laws. And, we approve of the Bureau's policy, i.e., recommending the use of an offering circular. However, we cannot fault Front Royal too severely for taking advantage of an exemption the law provides; nor can we give Shenandoah too much credit for being conscientious when its original

⁸ The Commission has taken the position that stock offerings by organizing savings and loans are exempt, pursuant to §13.1-514(a)(4) of the Code, from the registration provisions of the Virginia Securities Act. Such stock issues, however, are not exempt from the anti-fraud provision of the Act. Fraud may result from the issuer's failure to state facts material to an investment decision. Shenandoah apparently made its rescission offer after Mr. Kyriakides of the Bureau expressed concern that the initial written disclosure "should have included other information and should have been more thorough." (Transcript, p. 457). Though the September 1978 rescission offer provided that the directors did not anticipate increasing their holdings, in fact they each subscribed to an additional 1,000 shares.

brochure reads more like an advertisement than a disclosure document. In any event, although clothed with a different sort of public interest, this area of inquiry is somewhat outside the thrust of our primary inquiry in this proceeding.

Shenandoah contended that it was better suited to operate a regulated business because its principal organizer, Eric E. Adamson, had made inquiry of the Federal Home Loan Bank Board (FHLBB) about its policies concerning organization, and had seen to it that Shenandoah complied with those policies, while Front Royal had not been aware of them.⁹ It seems to us - although such acquiescence in regulatory policy is certainly commendable - that this discrepancy is not so serious as to impair Front Royal's chances of getting insurance, or impugn its organizers' judgment, or weigh heavily in our consideration.

Shenandoah also brought up several matters relating to the fruitless attempt by Front Royal to secure a certificate

⁹ The FHLBB, whose sister agency, the Federal Savings and Loan Insurance Corporation (FSLIC), is presently the only source of statutorily-mandated (since July 1, 1973) deposit insurance for savings and loans, recommends that a separate account be established containing that part of subscribers' deposits which will be used to cover expenses of organization, and does not authorize defraying such expenses from income generated during organization. The FHLBB also says that pledges of deposit accounts should not be solicited until a savings and loan has been granted conditional approval of insurance. (See Exhibit 23).

of authority in 1972-73. We refer here to (1) the controversy over the name "First Virginia", before the change to "Front Royal" was made; (2) the failure to establish a capital surplus account; (3) the necessity to call in issued shares of stock and to substitute subscriptions; (4) the temporary lapse in the corporation's charter in June, 1977, and (5) the domination of that organization by the Gilliam interests.

We allowed counsel to pursue these matters at length, because we recognize that sometimes actions taken by a group during organization give an indication of how an operating firm will perform. However, in this case, we believe the lapse of time and changed circumstances have made these remote events of marginal relevance to our present determination. We think the concerns into which Shenandoah probed, taken individually, are by and large beside the main point of this proceeding. Collectively, they do not undermine our determination that Front Royal's board possesses the requisite qualifications to direct a savings and loan association.

Finally, Shenandoah's counsel sought to introduce testimony concerning the unsuccessful merger negotiations between the two applicants as a basis for argument attacking the motives and business judgment of the Front Royal organizers. Based on what counsel told us he expected such testimony

to show, it appeared that its probative value would be outweighed by its inconclusive nature; we foreclosed this line of questioning on the ground that it was irrelevant.¹⁰

We believe Front Royal deserves credit for having anticipated long ago the need for another savings and loan in the town of Front Royal, and for having persevered to gain the right to meet that need. However, having found Front Royal the better applicant in those respects most closely associated with the public interest, and having found its shortcomings of relatively less consequence, we did not base our grant of authority to it on a rule of priority. We awarded the single available certificate to Front Royal Savings and Loan Association.

AN ATTESTED COPY hereof shall be sent to each of the following: James M. Thomson, Esquire, counsel for Front Royal Savings and Loan Association, P.O. Box 1138, Alexandria, Virginia 22313; Anthony F. Troy, Esquire, Mays, Valentine, Davenport & Moore, F&M Center, P.O. Box 1122, Richmond, Virginia 23208, counsel for Shenandoah Savings and Loan Association; Flournoy L. Largent, Jr., Esquire, Graichen Building, 25 East Boscawen Street, P.O. Box 444, Winchester, Virginia 22601; Virginia Savings and Loan League, Imperial Building, Fifth and Franklin Streets, Richmond, Virginia

¹⁰ See Transcript, pp. 484-488.

23219; William D. Branham, Senior Vice President, Federal
Home Loan Bank of Atlanta, P.O. Box 56527, Atlanta, Georgia
30343; and to the Commissioner of Financial Institutions.

IN THE
SUPREME COURT OF VIRGINIA

RECORD NO. 790912

SHENANDOAH SAVINGS & LOAN ASSOCIATION,
Appellant,

v.

FRONT ROYAL SAVINGS & LOAN ASSOCIATION
and
STATE CORPORATION COMMISSION,
Appellees.

ASSIGNMENT OF ERROR

Appellant, Shenandoah Savings & Loan Association, by counsel, pursuant to Rule 5:18(i) of the Rules of the Supreme Court of Virginia, sets forth the following as its assignment of error to the final order of the State Corporation Commission of February 21, 1979, which is the subject of this appeal:

(1) The State Corporation Commission committed error—
in making the determination that, of the two applicants for

a certificate of authority to do business as a savings and loan association in the town of Front Royal, Virginia, that Front Royal Savings & Loan Association would better serve the public interest than would Shenandoah Savings & Loan Association including:

(a) the findings that Front Royal Savings & Loan Association had a superior location, financial position, and management, which findings are either without evidence to support them, or contrary to the weight of the evidence;

(b) according improper weight to evidence of the manner of formation and reorganization of Front Royal Savings & Loan Association when compared with that of Shenandoah Savings & Loan Association;

(c) according improper weight to evidence of past practices of the organizers of Front Royal Savings & Loan Association;

(d) determining that the Board of Directors of Front Royal Savings & Loan Association meets the requirements of § 6.1-195.47(5) of the Code of Virginia; and

(e) refusing to admit evidence proffered by Shenandoah Savings & Loan Association concerning the unsuccessful merger negotiations conducted by the respective organizers of the parties.

SHENANDOAH SAVINGS & LOAN ASSOCIATION

By 

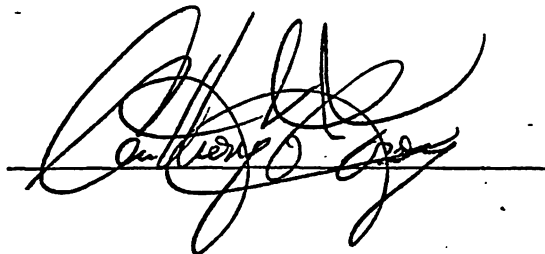
Of Counsel

Anthony F. Troy
D. Eugene Webb, Jr.
Mays, Valentine, Davenport & Moore
23rd Floor, F&M Center
Post Office Box 1122
Richmond, Virginia 23208

Counsel for Shenandoah Savings & Loan Association

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Assignment of Error was mailed, postage prepaid, to James M. Thomson, Esquire, P. O. Box 1138, Alexandria, Virginia 22313; counsel for Appellee Front Royal Savings & Loan Association; William F. Schutt, Esquire, Assistant General Counsel, Bureau of Financial Institutions, State Corporation Commission, Blanton Building, P. O. Box 1197, Richmond, Virginia 23209, counsel for Appellee State Corporation Commission; and The Honorable J. Marshall Coleman, Attorney General of Virginia, Supreme Court Building, Richmond, Virginia 23219, this 6th day of July, 1979.

A handwritten signature in dark ink, appearing to read "Anthony F. Troy", is written over a horizontal line.

In 1977 the expansion of time and savings deposits in the PSA was approximately \$9 million (Table XIV).

In its third year of operation the proposed Front Royal Savings & Loan Association hopes to attract \$600,000 in savings; this is only 6.7% of the current level of savings in the primary service area. If current saving habits continue unchanged through 1980 (approximately \$2,680 per person) a population of 21,500 will provide a savings base of in excess of \$57 million. The Front Royal Savings & Loan at the end of its first year would need only 1-1/2% of the market to meet its forecast.

Q-14. Do you believe the location of the proposed savings and loan institution will adversely affect any of the existing financial institutions in the primary service area?

A. Absolutely not. On the contrary, the site is well situated both from a customer need and convenience point-of-view and from the point-of-view of competing institutions. You will recall from Figure 2 that the proposed location is on the northwest corner of Sixth Street and Commerce Avenue. The nearest financial institution is the branch office of the Bank of Virginia-Warren.

The corner in question has one of the heaviest traffic loads of any intersection in the Town of Front Royal. According to a May 5, 1976 traffic count, on a 7:00 a.m. to 7:00 p.m. basis, 5099 autos passed the proposed egress to the Front Royal Savings and Loan facility.¹ In fact, a total of 6888 vehicles passed through the intersection.

Sixth Street is the major feeder road to the extensive northeast subdivisions to the town of Front Royal, the major "bedroom" area for the town. Commerce Avenue is the major north-south route through the town. This location, as a result, provides an easy and convenient access to the Applicant's proposed site for a major portion of the primary service area's population. In fact, because of its location within an old and established middle income area, it is within easy walking distance for many potential customers.

The proposed site breaks from the cluster of banks and First Federal's site which are in or near the old shopping area of the town (Main Street).

With the Applicant being six blocks from Main Street, the possibility of "next door" competition with the main offices of existing institutions is unlikely.

¹ Commonwealth of Virginia
Virginia Department of Highways and Transportation
Traffic and Safety Division, May 5, 1976

Q-15. Do you believe the proposed savings and loan association will serve the public interest of the Front Royal - Warren County area?

A. Yes. The growth of the population, income levels, housing demands, and savings all point to the opportunity for increased competition to act as both an aid and a catalyst for public benefit. Aside from the obvious competition benefit, the added convenience and influence of another strong financial institution can bring increased services for both savers and borrowers.

Front Royal - Warren County is in a "take-off" period with a strong economy about to receive a significant economic boost by the completion of Interstate 66. In spite of the impact of the 1974-75 recession and the highway delay, the community has still demonstrated its economic vigor. All of the existing financial institutions are mature and beyond any significant harm by the entrance of another institution. The strength demonstrated by these institutions in the last five years through rapid expansion of deposits is evidence of the ability to compete and withstand competition.

The pending economic stimulus (I-66) is likely to demand more services and outlets than existing operations can provide. A new savings and loan association will provide some of those services and provide this expanding population with a choice.

The proposed Front Royal Savings & Loan Association has both community orientation and support as evidenced by over 500 stockholders and a board of directors representing a broad spectrum of the population. The devotion of this board to the Association has resulted in a \$1 million

capital structure, a well selected site, and a demonstrated ability to manage. The best evidence of this point is the extended period of time in organization without substantial loss of membership or direction.

In short, Warren County has the economic ingredients:

- a rapidly expanding population, more than twice the state average
- a favorable age distribution for the savings & loan business
- a strong housing demand
- a stable work force
- strong and growing financial institutions.

The board of directors of the Front Royal Savings and Loan Association has put together:

- a large interest group of stockholders
- sufficient capital
- demonstrated tenacity of purpose
- an excellent site
- a leadership group of community minded individuals.

The result is a savings and loan association that can achieve a sufficient share of the market to provide for public convenience and can enhance the competitive savings and loan environment without bringing harm to existing financial institutions.

Q-16. Have you read the letter dated April 27, 1978 from Nicholas C. Kyriakides to the Honorable Sidney A. Bailey with reference to the application?

A. Yes, I have read his letter and generally concur with his conclusions.

- Q-17. Have you read the Analysis of Warren County, Virginia, conducted for the organizers of the proposed Shenandoah Savings and Loan Association prepared by Technical Associates, Incorporated?
- A. Yes, I have and I generally concur with their conclusion concerning the economic justification for another savings and loan association in Warren County.

TABLE I

POPULATION PROJECTIONS

WARREN COUNTY

2000	34,300
1990	28,200
1980	21,500
1974	17,900
1970	15,301
1960	14,655

Source: Population Projections of Virginia Counties
and Cities 1980 - 2000, June 1977.
Department of Planning and Budget

C. KING, COMMISSIONER
 R. MALL, BRISTOL, BRISTOL DISTRICT
 G. FRALIN, ROANOKE, ROANOKE DISTRICT
 R. GLASS, LYNCHBURG, LYNCHBURG DISTRICT
 L. M. CROWE, RICHMOND, RICHMOND DISTRICT
 T. ROOS, YORKTOWN, SUFFOLK DISTRICT
 T. ROBINSON, WEST POINT, FREDERICKSBURG DISTRICT
 B. WRENCH, SPRINGFIELD, CULPEPER DISTRICT
 S. LANDES, STAUNTON, STAUNTON DISTRICT
 MASSELL, III, CHESAPEAKE, AT LARGE-URBAN
 S. S. HOOPER, JR., CREWE, AT LARGE-RURAL



COMMONWEALTH of VIRGINIA

DEPARTMENT OF HIGHWAYS & TRANSPORTATION

1221 EAST BROAD STREET
 RICHMOND, 23219

August 14, 1978

LEO E. BUSSEY, III
 DEPUTY COMMISSIONER & CHIEF ENGINEER
 T. ASHBY NEWBY
 DIRECTOR OF ADMINISTRATION
 J. M. WRAY, JR.
 DIRECTOR OF OPERATIONS
 J. P. ROYER, JR.
 DIRECTOR OF PLANNING
 M. R. PERKINSON, JR.
 DIRECTOR OF PROGRAM MANAGEMENT
 W. L. BRITTELL, JR.
 DIRECTOR OF ENGINEERING
 IN REPLY PLEASE REFER TO

J. P. MILLS, JR.
 TRAFFIC AND SAFETY ENGINEER

20013

CASE NO.	20013
EXHIBIT NO.	LCP-2
OCT 24 1978	
Lawrence C. Pettit, Jr.	
J. P. Harrison	
Chief	

Memorandum

To - Holders of Tabulation entitled
 "Traffic Volumes on Primary
 Extensions in Cities & Towns"

Attached are pages containing current twenty-four hour traffic volumes.

Replace the present pages in your tabulation with the enclosed pages of the same number.

Pages containing numbers with decimal fractions are to be inserted following pages containing the same whole number.

J. P. Mills, Jr.
 Traffic and Safety Engineer

GCC:gyj
 Attachment

TOWN OF FRONT ROYAL
24 HOUR TRAFFIC VOLUMES

<u>ROUTE</u>	<u>STREET NAME</u>	<u>FROM</u>	<u>TO</u>	<u>24 HOUR TRAFFIC</u>	<u>DATE OF COUNT</u>	<u>LENGTH</u>
55	John Marshall Highway	ECL Front Royal	Commerce Avenue	8,000	Mar/78	0.67
55	South Street	Commerce Avenue	S. Royal Avenue	8,000	Mar/78	0.54
55	S. Royal Avenue	South Street	E. Main Street	13,540	Mar/78	0.41
55	N. Royal Avenue	E. Main Street	Chester Street	11,930	Mar/78	0.34
55	N. Royal Avenue	Chester Street	Sixth Street	15,580	Mar/78	0.23
55	N. Royal Avenue	Sixth Street	Ninth Street	12,880	Mar/78	0.25
55	N. Royal Avenue	Ninth Street	14th Street	20,460	Mar/78	0.35
55	14th Street	N. Royal Avenue	Shenandoah Avenue	13,760	Mar/78	0.24
55	Shenandoah Avenue	14th Street	NCL Front Royal	15,050	1977 ADT	0.47
340	Shenandoah Avenue	NCL Front Royal	14th Street	15,050	1977 ADT	0.47
340	14th Street	Shenandoah Avenue	N. Royal Avenue	13,760	Mar/78	0.24
340	N. Royal Avenue	14th Street	Ninth Street	20,460	Mar/78	0.35
340	N. Royal Avenue	Ninth Street	Sixth Street	12,880	Mar/78	0.25
340	N. Royal Avenue	Sixth Street	Chester Street	15,580	Mar/78	0.23
340	N. Royal Avenue	Chester Street	E. Main Street	11,930	Mar/78	0.34
340	S. Royal Avenue	E. Main Street	South Street	13,540	Mar/78	0.41
340	S. Royal Avenue	South Street	SCL Front Royal	7,710	1977 ADT	0.30
522	Shenandoah Avenue	NCL Front Royal	14th Street	15,050	1977 ADT	0.47
522	14th Street	Shenandoah Avenue	N. Royal Avenue	13,760	Mar/78	0.24
522	N. Royal Avenue	14th Street	Ninth Street	20,460	Mar/78	0.35
522	Ninth Street	N. Royal Avenue	Commerce Avenue	9,710	Mar/78	0.14
522	Commerce Avenue	Ninth Street	South Street	9,710	Mar/78	0.27
✓ 522	Commerce Avenue	Sixth Street	Happy Creek Road	11,450	Mar/78	0.49

TOWN OF FRONT ROYAL

24 HOUR TRAFFIC VOLUMES

<u>ROUTE</u>	<u>STREET NAME</u>	<u>FROM</u>	<u>TO</u>	<u>24 HOUR TRAFFIC</u>	<u>DATE OF COUNT</u>	<u>LENGTH</u>
522	Commerce Avenue	Happy Creek Road	South Street	11,620	Mar/78	0.66
✓ 522	Chester Gap Road	South Street	SCL Front Royal	4,150	Mar/78	0.35
		VEHICLE MILES		64,652		
		MILES		5.71		
		AVERAGE TRAFFIC PER MILE OF ROAD		11,323		

VIRGINIA DEPARTMENT OF HIGHWAYS AND TRANSPORTATION

TRAFFIC AND SAFETY DIVISION

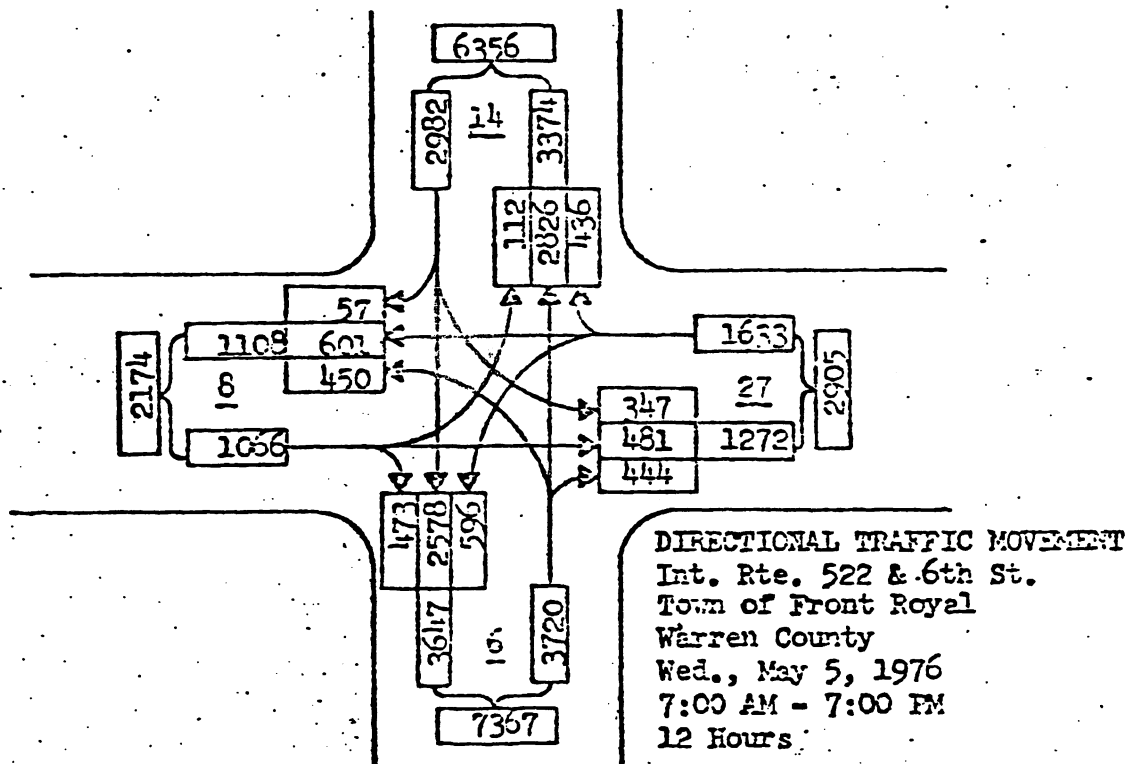
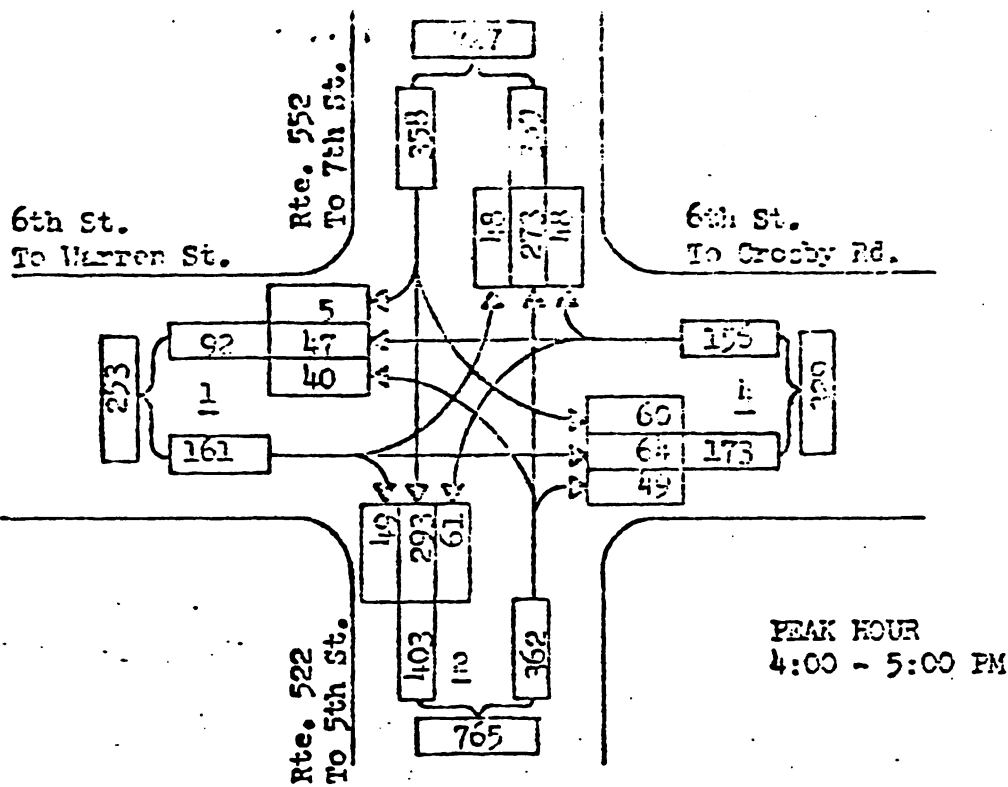
SECTIONAL TRAFFIC MOVEMENT - INTERSECTION OF ROUTES Rt 522 & 6th StCOUNTY Front Royal LOCATIONDATE 5-1-5-176 WEATHER

	APPROACHING INTERSECTION																	
	ON ROUTE 6 th ST FROM THE								ON ROUTE Rt 522 COMMERCE AVE FROM THE									
	EAST				WEST				NORTH				SOUTH					
	HOURS	LT.	THRU	RT.	PED.	LT.	THRU	RT.	PED.	LT.	THRU	RT.	PED.	LT.	THRU	RT.	PED.	
7:00 - 7:30	75	30	23	2	3	19	24	1	6	61	1	0	9	72	7	1	270	
7:30 - 8:00	17	31	16	8	6	14	10	0	10	112	0	4	13	87	6	1	352	
8:00 - 8:30	32	26	22	1	4	8	7	0	7	120	2	1	16	92	11	0	376	
8:30 - 9:00	26	27	14	0	6	6	9	2	15	101	2	0	11	94	17	0	328	
9:00 - 10:00	50	55	27	0	4	22	25	1	15	181	4	0	34	175	22	0	414	
10:00 - 11:00	60	39	33	1	1	28	44	2	20	191	7	0	32	227	34	0	416	
11:00 - 12:00	45	40	27	2	4	41	40	0	18	167	7	1	36	177	30	0	332	
12:00 - 1:00	56	53	42	2	8	46	53	0	31	221	5	2	48	250	57	0	510	
1:00 - 2:00	49	46	31	1	5	35	39	0	29	236	6	1	41	229	51	0	497	
2:00 - 3:00	47	64	29	0	6	35	53	0	26	201	2	0	45	246	33	0	437	
3:00 - 4:00	49	50	33	3	7	68	43	0	36	287	2	1	49	307	55	0	556	
4:00 - 4:30	37	25	30	3	41	36	22	0	32	135	3	0	18	133	21	1	533	
4:30 - 5:00	24	22	18	1	7	28	27	1	28	158	2	0	22	140	28	1	529	
5:00 - 5:30	24	31	18	0	5	31	20	0	16	116	4	0	21	168	18	0	272	
5:30 - 6:00	20	22	25	1	2	23	29	1	24	115	6	0	19	147	23	0	255	
6:00 - 7:00	15	40	48	2	3	41	28	0	31	206	4	4	36	222	31	2	278	
12 - HOUR TOTAL	596	601	436	27	112	481	473	8	347	257	57	17	450	2826	444	6	9401	
24 - HOUR TOTAL																		

INTERSECTION LAYOUT ON BACK

RECORDED BY

A. LEE - GANZERT



EIGHT MAXIMUM HOUR VOLUMES OF APPROACH VEHICLES

TIME		RTE. 6th St.-E.		RTE. 6th St.-W.		RTE. 522 - N.		RTE. 522 - S.		TOTAL	
FROM	TO	VEH.	PED. CROSS.	VEH.	PED. CROSS.	VEH.	PED. CROSS.	VEH.	PED. CROSS.	VEH.	PED. CROSS.
AM	11 AM	132	1	73	2	218	0	293	0	716	3
N.	1 PM	151	2	107	0	257	2	355	0	870	4
PM	2 PM	126	1	79	0	271	1	321	0	797	2
PM	3 PM	140	0	94	0	229	0	324	0	787	0
PM	4 PM	132	3	118	0	295	1	411	0	956	4
PM	5 PM	156	4	461	1	358	0	362	2	1037	7
PM	6 PM	140	1	110	1	281	0	305	0	927	2
PM	7 PM	133	2	72	0	44	4	340	2	723	8
TOTAL		1110	14	814	4	108	6	2811	4	6858	30

Case Jacket No. 20012

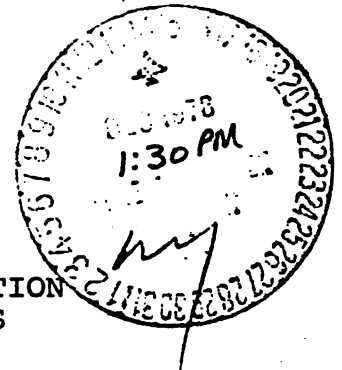
TESTIMONY OF
RONALD S. GILLIAM

APPLICATION OF
FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
FOR AUTHORITY TO COMMENCE BUSINESS
AT FRONT ROYAL, VIRGINIA

BEFORE THE STATE CORPORATION COMMISSION
COMMONWEALTH OF VIRGINIA

December 20, 1978

CASE NUMBER 20012



CASE NO.	20012
EXHIBIT NO.	RSE-15
DEC 20 1978	
Ronald S. Gilliam	
J.R. Harrison	

QUESTIONS BY MR. THOMSON:

- Q-1. Please give us your full name and residence address?
- A. Ronald S. Gilliam, 530 Frederick Avenue, Front Royal, Virginia.
- Q-2. What is your occupation?
- A. I am owner of Gilliam Realty Company in Front Royal. I am a member of the Blue Ridge Board of Realtors, the Virginia Association of Realtors, National Association of Real Estate Board, Elks, Moose and Front Royal-Warren County of Chamber of Commerce.
- Q-3. What is your relationship to the applicant, Front Royal Savings and Loan Association?
- A. I am, and have been since 1968, a director of Front Royal Savings and Loan Association. I am also the President of the Association.

Q-4. Has your association ever applied to the Commission for a Certificate of Authority before?

A. Yes.

Q-5 Would you please tell us the disposition of that application?

A. On December 1, 1972, Front Royal applied for a Certificate of Authority. After a public hearing on September 24, 1973, the Commission denied our application on the basis of no public need for additional savings and loan facilities in the community. On advice of counsel, we decided not to appeal the Commission's decision but to wait at least one year and reapply for a Certificate. We understood that this wait would enable newly organized financial institutions in the service area to develop a base of operations.

Q-6. When did Front Royal Savings and Loan Association reapply for a Certificate of Authority?

A. The current application was filed on December 22, 1977.

Q-7. Why did you wait until 1977 before reapplying?

A. Unfortunately there was a recession in 1974-75 which delayed the growth in our area as much as other areas throughout the state. By 1977 we were assured by our economic expert, Laurence Pettit, and by our own observations, that there was sufficient need at that time for an additional financial institution in Warren County. The three economic reports prepared in connection with our application and that of the Shenandoah group by Dr. Pettit, Mr. Parcell and Mr. Kyriakides support our decision to reapply at this time. We also understood that the other institutions

in the area had developed to the point that our organization would enhance competitive banking services in the area.

Q-8. Has your existence as a corporation been continuous since 1968, when you first incorporated?

A. No. In ~~May~~^{June}, 1977 we were informed that the association had been dissolved because of failure to file certain fees and forms. We had mailed the forms to the State Corporation Commission, but apparently they had not been received. When we were notified, we quickly refiled the required forms and were reinstated in June, 1977. The clarification served to reinstate the association as a Virginia corporation in good standing.

Q-9. Will you please give us the names of the board of directors of Front Royal Savings and Loan Association?

A. We have a board of eight members. David L. Wines, Samuel J. Baggarly, Frank H. Brumback, J. William Gilliam, Francis D. Hall, Arnold Williams, Kent E. Coons and myself.

Q-10. Would you please provide us with a brief summary of the occupations and community involvement of these gentlemen?

A. Yes, the biographical information of these gentlemen has been filed with our application. Nonetheless, I would like to highlight their backgrounds for you.

DAVID L. WINES was born, raised, and has lived his whole life in Warren County. An accountant by trade, he has been the owner of Wines Bookkeeping & Secretarial Service in Front Royal

since 1968. He is the past president of the Front Royal Jaycees, past chairman of the March of Dimes, and was named Front Royal-Warren County Outstanding Young Man in 1970. In addition, he is active in the Elks, the United Methodist Church, Kiwanis Little League and Midget football.

KENT E. COONS has lived in Warren County since he was seven years old. He is presently the owner and operator of Kent's Pizza Shop. He is a member of the Board of Directors of the Chamber of Commerce, Loyal Order of Moose, Elks Lodge, Front Royal Country Club and the Industrial Authority Commission.

SAMUEL J. BAGGARLY has lived in Front Royal all his life. He is the manager of Gilliam Lumber Company in Front Royal. He is an active member of Elk, Front Royal Jaycees and Browntown Community Center.

FRANK BRUMBACK, although a resident of Winchester in neighboring Frederick County, owns a farm in Warren County. He is a farmer (Vice President of Woodbine Farms in Winchester) and a banker, being the president of the board of Bank of Frederick County. His activities include the Frederick County Planning Commission and Board of Southern States Cooperative.

J. WILLIAM GILLIAM is a resident of Clifton, Virginia, who has long roots in the Front Royal area. He is a practicing attorney, a partner in the firm of Gilliam, Sanders, Brown & Horan.

ARNOLD WILLIAMS has been an employee of Warren County since January, 1974 and has been assistant to the Warren County Administrator since 1976. He also serves as Planning and Zoning Administrator to assist the County Planning Commission as secretary to the Board of Zoning Appeals, and he is Chairman of the Warren County Highway Safety Commission.

FRANCIS ("Red") HALL has lived in Front Royal all his

life. He is the owner of Hall's Polyclean and Speedwash Coin-op Laundry in Front Royal. He is President of the Lions Club, a member of the Front Royal Town Council, Order of the Elks, a representative of the Town of Front Royal Planning Commission.

As you can see, our roots in the community are deep. Besides Bill Gilliam and Mr. Brumback, we all live in Front Royal. The Gilliam family has long roots in the Front Royal area. Four of our members were born in Front Royal. All but Mr. Brumback are graduates of the Front Royal school system.

I would like to introduce those present to the Commission.

Q-11. I note that in his report, dated April 27, 1978, on your application, Mr. Kyriakides expressed some concern about the relationship among you, Bill Gilliam and Sam Baggarly. Have you discussed this matter with your board?

A. Yes.

Q-12. Have you reached a recommendation?

A. Yes. Bill and I are brothers and Mr. Baggarly is the manager of Gilliam Lumber, which is owned by Bill, me, and our mother. We believe that each of us will exert an independent and strong voice on our board. Nonetheless, if the Commission should deem that it is inappropriate for all of us to serve on the board, we will take whatever action the Commission recommends.

Q-13. Do you believe that the directors have the moral fitness, financial responsibility and business ability and knowledge to operate the proposed savings and loan association?

A. Yes. I have known Mr. Brumback for six years, and I have known each of the other members of the Board most of my life. I have absolute faith in their judgment, integrity, community interest and ability. They are fine men individually and will work together well as a team to serve their home community.

Q-14. Have all the directors taken and filed the oath required by law?

A, Yes.

Q-15. Have all the provisions of the law relative to your application been fulfilled to the best of your knowledge?

A.

Q-15. Have you located a potential chief operating officer who can direct the technical aspects of your proposed savings and loan operations?

A. Yes. JAMES A. HIGHT has agreed to serve as Chief Operating Officer and Chairman of the Board of our proposed association. He is presently Chairman of the Board of the Bank of Virginia-Warren, formerly Bank of Warren. He has been active in the real estate lending aspect of banking for over 30 years. He is a resident of the Front Royal area and is active in civic matters there.

Q-17. How much capital has been subscribed directly and indirectly by your directors?

A. Our largest director subscribers are Bill Gilliam and Francis Hall, who have each subscribed \$46,875 directly. The total subscriptions of our board is \$278,125 in direct subscriptions and \$336,250 in direct and indirect subscriptions. In accordance with the statutory requirement, all directors have been issued certificates evidencing at least \$500.00 in paid in capital. The said stock is held individually, and unpledged and unencumbered and paid in full.

Q-18. Can you tell us how much stock has been sold as of this time, the number of subscribers, and the total volume of subscriptions?

A. As of December 13, 1978, we had subscriptions from 547 subscribers for 89,000 shares of stock totalling \$1,114,537.50 in anticipated capital, \$161,438.75 of which has been paid in.

Q-19. How many of the subscriptions are held by directors?

A. Direct subscriptions for 22,250 shares.

Q-20. How many of the subscriptions are held by persons who live and work in the Front Royal - Warren County area?

A. Approximately 86% of our subscribers show residence in Front Royal or Warren County. Viewed from the number of shares, 85% of shares have been subscribed by persons in the Front Royal area.

Q-21. Can you give us any information concerning the persons who have subscribed to your stock?

A. We believe that a broad cross-section of the Front Royal population is represented in our subscribers. We have broken down our subscription list by occupations and have determined the following:

<u>Occupation</u>	<u>%</u>
Government workers	5.5
Retired	8.2
Teachers	2.1
Secretaries	2.1
Clerks	9.6
Housewives	1.4
Self-employed	18.6
Sales	4.9
Real estate	2.1
Professional	9.4
Blue collar	15.1
Medical	2.0
Construction	4.1
Student, etc.	7.6
Miscellaneous	<u>7.3</u>
	100%

As you can see, a broad cross-section is presented. We have approximately 3% minorities represented in our subscribers. We have 414 households represented in our shareholder list. Our protestant, Shenandoah Savings & Loan, has 310.

- Q-22. What is the proposed capitalization of Front Royal Savings and Loan Association?
- A. Our certificate of incorporation provides a \$2,000,000 capitalization, consisting of 200,000 shares with a par value of \$10.00 per share. By opening day we estimate far in excess of our early estimate which we provided the Commission. It was 93,000 shares to be sold with expected subscriptions totalling \$1,162,500 (\$930,000 to be credited to the capital stock account with \$232,500 credited to reserves).
- Q-23. Have you prepared a statement of operating earnings and expenses for the first twelve months and again for the first 36 months?
- A. Yes, and that information is set forth in our application.
- Q-24. What did that information reflect as to projected operating earnings and expenses?
- A. The estimated operating earnings for the first year is projected to be \$149,844 and \$159,950 of operating expenses. The third year should show operating earnings of \$255,793 and operating expenses of \$228,450.
- Q-25. What has been your expenses and income situation to date?
- A. Through December 31, 1977, which was our last audit, we have earned \$19,155.39 in income, \$13,319.39 from interest and \$5,836.00 from rentals. Our expenses through such date were \$18,893.27, giving us a net profit before taxes of

\$262.12. You can see, therefore, that we have not had to use one dollar of our subscribers' money through December 31, 1977 to meet our operating costs. We are, therefore, in good shape to finance the expenses we will incur in getting our association started.

Q-26. What is the current level of pledged deposits?

A. As of December 13, 1978, we have received pledges for deposits totalling \$514,000.

Q-27. What do you believe would be your deposit volume for the first year of operation?

A. At year end we would expect \$850,000 in savings.

Q-28. And what would you believe your deposit volume would be at the end of three years?

A. At the end of three years, we would expect \$2,050,000 in savings.

Q-29. Where do you propose to locate the savings and loan association?

A. The building will be built on the northwest corner of the intersection of 6th Street and Commerce Avenue, Front Royal, Virginia.

Q-30. What was the reason for picking this site?

A. This corner has the most central location for the area which the savings and loan institution will serve. 6th Street extended turns into Kendrick Lane. The combination of Kendrick Lane and 6th Street is the only east-west street in Front Royal that extends from the eastern boundary line

to the western boundary line of town. It carries the majority of people who work in town from their homes to their work because it connects the industrial section and the residential sections of town. Commerce Avenue carries the transit traffic for Routes 55, 340, 522, and Interstate 66; therefore, Commerce Avenue is the major north-south street through town. There is presently a new bridge under construction on 6th Street which should even further increase traffic flow at this location. Additionally, a new modern post office building is proposed for location on 4th Street, just two blocks from our proposed site.

We believe this location is the best one in town or in the county for a financial institution and it can truly accommodate the drive-in facilities that we propose.

In March, 1978 the Department of Highways and Transportation conducted a study of traffic patterns in our area. The study indicated a 24-hour traffic count for our site of 11,450 vehicles, whereas a 4,150 count at the Shenandoah site was indicated.

I might also point out that the other applicant's location is not on Commerce Avenue but is, in fact, on Remont Road. This location is without the central business area of Front Royal, in a non-growth area, and traffic is primarily those travelers leaving Front Royal.

- Q-31. Do you intend to purchase or lease the premises of this site?
- A. We have purchased three contiguous parcels in 1973 and 1976 for a total price of \$56,000. These three parcels contain adequate space for both a good-size building and sufficient parking.

The existing structure is being demolished at this time and we plan to construct a free standing building in its place. The anticipated construction cost and site improvements is estimated at \$120,000.

While we have had our application pending, we have been able to lease the site and generate some income to defray our operating expenses, and, in fact, we are receiving a small cash payment for the removal of an old house located on part of our site.

Q-32. Do you feel that Front Royal Savings & Loan will be successful if granted a Certificate of Authority?

A. Yes. The pending economic stimulus (E-66) is likely to demand more services and outlets than existing operations can provide. A new savings and loan association will provide some of those services and provide this expanding population with a choice.

Furthermore, Front Royal Savings & Loan is in a fine position to take advantage of the opportunity. We have already purchased our site and have generated operating income to defray our expenses to date.

The proposed Front Royal Savings & Loan Association has both community orientation and support as evidenced by over 500 stockholders and a board of directors representing a broad spectrum of the population. The devotion of this board to the Association has resulted in a \$1 million capital structure, a well selected site, an able proposed chief operating officer, and a demonstrated ability to manage. The best evidence of this point is the extended period of time in organization without substantial loss of membership or direction.



INTERROGATORIES

TO: Front Royal Savings and Loan Association
27 South Royal Avenue
Front Royal, Virginia 22630

Protestant, Shenandoah Savings and Loan Association ("Shenandoah"), by counsel, pursuant to Rule 6:4 of the Rules of Practice and Procedure of the State Corporation Commission pro-pounds the following Interrogatories to Front Royal Savings and Loan Association ("Front Royal"), sworn answers to which shall be served upon counsel for Shenandoah within twenty-one (21) days after service hereof. Front Royal shall answer "by an officer or agent, who shall furnish such information as is known" to Front Royal. These Interrogatories shall be deemed continuing.

I. Definitions and Terms

(a) "You", "your", "Front Royal" or "Front Royal's" means Front Royal Savings and Loan Association, its officers, directors, agents, servants and employees or anyone acting for it or on its behalf.

(b) "Person" means any natural person, corporation, partnership, business or entity of any kind.

(c) "Identify", "identification" or "identity" when used in reference to an individual person means to state his full name, his business address and his present or last known position and business affiliation.

(d) "Discuss" or "discussions" means negotiate, negotiations, confer, conferences, and conversations, whether written or oral.

(e) The term "document" shall mean and include any and all letters, correspondence, memoranda, notes, work papers, tapes, charts, reports, books, ledgers, drawings, sketches, photographs, and any and all other writings, typings, printings, or drafts, copies or reproductions of them, irrespective of form, in the possession, custody or control of Front Royal, or any other person, firm, association or corporation known to Front Royal.

(f) Whenever an interrogatory asks for the description or identification of a document, attach a copy of such document to your answers to these Interrogatories or in the alternative state the following information with respect to each document:

(1) The date appearing on such document and, if it has no date, the answer shall so state, and shall give the date or approximate date such document was prepared;

(2) The identifying or descriptive code number, file number, title or label of such document;

(3) The general nature or description of such document, the name of the person who signed such document and, if it was not signed, the answer shall so state and shall give the name of the person or persons who prepared it;

(4) The name of the person to whom such document was addressed and the name of each person other than such addressee to whom such document, or copies of it, were given or sent;

(5) The name of the person having possession, custody and control of such document;

(6) Whether or not any draft, copy or reproduction of such document contains any postscript, notation, change or addendum not appearing on the document itself, and, if so, the answer shall describe, as set forth in (1) through (5) above and (7) infra, each and every such draft, copy or reproduction; and

(7) The substance of what is said therein.

The above information shall be given in sufficient detail to enable the party or person to whom a subpoena is directed to identify fully the document sought to be produced and to enable counsel for Shenandoah to determine that such document when produced is in fact the document so described. If said document no longer exists it shall be identified in the manner set forth above and the date of its destruction, the reason for such destruction, the manner of such destruction and the person who destroyed or ordered such destruction shall be identified. As to each such document state whether there is a document retention policy and its application thereto.

(g) Whenever a request is made for the name or identity of a person, firm, association or corporation, the answer shall state, in addition to the full name of each such person, firm, association or corporation, his or its present address and, if that be not known, the answer shall so state and provide the last known address and the last known date he or it resided or was located there.

II. Interrogatories

1. State the name and address of each present or former subscriber to the capital stock of Front Royal.

2. As to each such person identified in answer to Interrogatory No. 1, state the date (month, day and year) when

the capital stock of Front Royal was initially subscribed to by such person, the number of shares so subscribed, and the person soliciting or obtaining such subscription on behalf of Front Royal.

3. As to each such person identified in answer to Interrogatory No. 1, state the subscription price per share of Front Royal's capital stock subscribed and the date (day, month and year) and dollar amount of all downpayments made by each such person in connection therewith.

4. As to each such person identified in answer to Interrogatory No. 1, identify the date (day, month and year) upon which Front Royal capital stock initially subscribed was resubscribed or subscriptions therefor were reconfirmed or upon which additional Front Royal stock was subscribed, in each instance stating the person soliciting or obtaining such subscription on behalf of Front Royal and the number of shares, subscription price and date and dollar amount of each downpayment in connection therewith.

5. Indicate whether or not all initial and subsequent subscriptions for Front Royal capital stock identified in response to Interrogatories No. 2 and 4 are evidenced by written subscription agreements signed by each of the subscribers identified in response to Interrogatory No. 1.

6. If the answer to Interrogatory No. 5 is in the negative, describe the manner in which each subscription to Front Royal capital stock not set forth in a signed written agreement is evidenced.

7. State the name of any person identified in response to Interrogatory No. 1 who is now deceased.

8. As to each person identified in response to Interrogatory No. 7, describe the present status of Front Royal's prior subscription agreement with such person.

9. State whether or not Front Royal, any present or former director or officer thereof, or any other person soliciting subscriptions on its behalf, has made any offer to, accepted any request from, or otherwise had any understanding with, any person identified in response to Interrogatory No. 1 (i) to give or loan such person the money to pay all or any portion of the subscription price (including any downpayment) for shares of Front Royal capital stock subscribed by such person or (ii) to purchase such person's Front Royal stock at any time after Front Royal begins operations.

10. If the answer to Interrogatory No. 9 is in the affirmative, describe in full the terms of such offer or understanding.

11. State whether or not any person identified in response to Interrogatory No. 1 has requested Front Royal to cancel his subscription to its capital stock or to return all or any portion of any downpayment made in connection with such subscription.

12. If the answer to Interrogatory No. 11 is in the affirmative, describe in full the response of, and all action taken by, Front Royal in response to each such request.

13. State whether any persons identified in response to Interrogatory No. 1 were furnished with a written offering circular in connection with the solicitation of their subscriptions to the capital stock of Front Royal.

14. If the answer to Interrogatory No. 13 is in the affirmative, attach a copy of each and every offering circular so used.

15. As to each person identified in response to Interrogatory No. 1 who was not furnished with a written offering circular, describe the content of any and all oral statements made to such person in connection with the solicitation of his subscription to Front Royal's capital stock, and the person who made such statements.

16. State whether or not each of the persons identified in response to Interrogatory No. 1 who subscribed to Front Royal's capital stock prior to October 3, 1973 was advised by Front Royal of the denial by order of the State Corporation Commission dated October 3, 1973, of its application for a certificate of authority to commence a savings and loan business.

17. State whether or not each of the persons identified in response to Interrogatory No. 1 who subscribed to Front Royal's capital stock prior to May 31, 1977 was advised of the dissolution of Front Royal on that date.

18. If the answer to Interrogatory No. 16 or No. 17 is in the negative, explain the reasons for failing to advise all such persons.

19. Describe the reasons for the dissolution of Front Royal on May 31, 1977.

20. Describe in detail all of the factors that were considered by Front Royal in determining to file an application for a certificate of authority in December of 1977 after four years had elapsed since denial of its previous application.

21. Identify each person responsible for monitoring and accounting for all funds (including downpayments) received pursuant to all subscriptions for Front Royal's capital stock and investments of the proceeds thereof.

22. Describe in complete detail the source and application of all of Front Royal's funds since its organization until the present.

23. Identify each and every place where the books and records of Front Royal with respect to the source and application of all of its funds are located.

SHENANDOAH SAVINGS AND LOAN
ASSOCIATION
P.O. Box 325
Front Royal, Virginia 22630

By William L. Derry, Jr.
Of Counsel

Anthony F. Troy
William R. Derry, Jr.
Mays, Valentine Davenport & Moore
P. O. Box 1122
Richmond, Virginia 23208

Counsel for Protestant

CERTIFICATE OF SERVICE

I, William R. Derry, Jr., of counsel for Protestant, do hereby certify that a copy of the foregoing Interrogatories was mailed to James M. Thomson, Esquire, Thomson & Pikrallidas, 201 North Washington Street, P. O. Box 1138, Alexandria, Virginia, 22313, counsel for Front Royal Savings and Loan Association; W. M. Feltner, President, Farmers and Merchants National Bank, 115 North Cameron Street, Winchester, Virginia, 22601; Hugh D. McCormick, President, The Peoples Bank of Front Royal, Front Royal, Virginia, 22630; Dr. Milton A. Joyce, President, First

Federal Savings and Loan Association, One South Royal Avenue, Front Royal, Virginia, 22630; Virginia Savings and Loan League, Imperial Building, Fifth and Franklin Streets, Richmond, Virginia, 23219; Virginia Bankers Association, 700 East Main Street, Richmond, Virginia, 23203; and William D. Branham, Senior Vice President, Federal Home Loan Bank of Atlanta, P. O. Box 56527, Atlanta, Georgia, 30343; on this the 21st day of July, 1978.


William R. Derry, Jr.

ANSWERS TO INTERROGATORIES

COMES NOW Front Royal Savings and Loan Association, in answer to Interrogatories by Shenandoah Savings and Loan Association, and says and avers as follows:

1. Enclosed herewith is the shareholder list of Front Royal ("Schedule 1").

2. See Schedule 1. With respect to each subscriber, there is a number listed which reflects the person responsible for the solicitation of the subscriber, in accordance with the table below:

<u>No.</u>	<u>Solicited Subscription</u>
1	Samuel Baggarly
2	Frank Brumback
3	Kent Coons
4	Ronald Gilliam
5	William Gilliam
6	Francis Hall
7	Arnold Williams
8	David Wines
9	Mail (voluntarily subscribed)

3. See Schedule 1.

4. See Schedule 1.

5. All subscription agreements have been signed except those of the following six persons for a total of 810 shares;

Samuel W. & L. K. Wilson, Rt. 2, Box 150B, Fredericksburg, Va.

Dorothy R. Wilson, 10606 Center St., Fairfax, Va.

George R. Irvin, Edinburgh, Virginia

J. French & Carolyn M. Chapman, 3800 Richardson Pl., Fairfax, Va.

Raymond P. Gott, 564 River Drive, Front Royal, Va.

Gladys R. Gott, 564 River Drive Front Royal, Va.

6. The unsigned subscriptions were evidenced by cash or check in the total amount of \$895.00 in down payments. We have been informed by William Gilliam, the director who solicited these shares, that these shareholders have subscribed in accordance with this understanding.

7. Charles A. York, William H. Ritter, Harry Moran and John F. Norris.

8. We received a letter from Mrs. York dated April 10, 1978 requesting a refund. The Board took action on Mrs. York's request at the Director's meeting of May 1, 1978 and a check was written in the amount of \$187.50. At the written request of John W. Truban, Attorney, letter dated July 28, 1978, who is representing Mrs. William H. Ritter, Executrix of the Estate of William H. Ritter, the Board took action on August 21, 1978 to refund the Estate of William H. Ritter \$400.00.

We received a letter from Mr. Jesse L. Surles dated September 25, 1978 requesting a refund of Mr. John Norris' deposit of \$62.50. We replied to this request on October 3, 1978. Mr. Harry Moran sent in a request for refund dated June 8, 1978. The Board did not take action on Mr. Moran's request because we have since been informed that he is deceased and we have not had a formal request from his Estate.

9. There are no such agreements or understandings, except that certain directors have agreed to buy or give money to their minor children for the purchase of stock.

10. See 9 above.

11. Yes.

12. Mr. George R. Irvin, Jr. subscribed for 100 shares of stock in Front Royal with a deposit of \$125.00 and agreement to pay balance later. He inadvertently mailed \$1125.00 for the balance of his stock. The Board took action and returned him \$1125.00 on February 16, 1978. (2)

Wallace and Elizabeth Partridge requested a refund of their deposit on March 25, 1978. The Board took action on April 17, 1978 to refund deposit after counsel advised us we could refund deposit to Mr. and Mrs. Partridge and a check was drawn on May 1, 1978 for the refund. (3)

On June 18, 1978 Marie B. Burke and Asa C. Burke requested refund of their deposits. The Board took action and agreed to refund the Burke's deposits and checks were drawn on September 11, 1978.

13. No.

14. N/A

15. A specific response cannot be given because of the overbreadth of the question.

16. Yes.

17. No, because it was reinstated.

18. The dissolution was a mere technicality which was corrected by management.

19. All necessary fees and proper forms were mailed by the Association to the Commission. The Association was subsequently informed that the Commission had not received them.

20. The factors involved are included in Mr. Pettit's pre-filed testimony. We were further advised by our counsel, James M. Thomson, that application at this time would be timely.

21. David L. Wines and Ronald S. Gilliam.

22. The source of income through December 31, 1977 was:
from interest - \$13,319.39; from rentals - \$5,836.00; total
income was \$19,155.39. The expenses through December 31, 1977
were:

Accounting fees	\$1400.28
Advertising	295.92
Attorney fees	2676.00
Consultant fees	2500.00
Depreciation	907.00
Insurance	246.00
Interest	5338.66
Office supplies & expenses	461.38
Rental repairs & maintenance	257.62
SCC Hearing expenses	223.37
Taxes, fees & licenses	4441.04
Telephone	<u>146.00</u>
Total Expenses	\$18,893.27

Net profit through December 31, 1977 before taxes was \$262.12.

23. The books and records of Front Royal Savings and Loan
are housed at 27 South Royal Avenue and Yount, Hyde and Company
of Winchester, Virginia. Our securities are found in our safe
deposit box at the Farmers & Merchants Bank in Front Royal,
Virginia.

FRONT ROYAL SAVINGS AND
LOAN ASSOCIATION

By: _____

Ronald S. Gilliam,
President

COMMONWEALTH OF VIRGINIA,

CITY/COUNTY OF _____, to-wit:

I, the undersigned Notary Public in and for the City/County and State aforesaid hereby certify that Ronald S. Gilliam, whose name is signed to the foregoing Answers to Interrogatories, personally appeared before me in my said City/County and stated under oath that the matters and things contained therein are true to the best of his knowledge and belief.

Given under my hand this _____ day of October, 1978.

My commission expires the _____ day of _____, 19____.

Notary Public

James M. Thomson
THOMSON & PIKRALLIDAS
201 N. Washington St.
Alexandria, Va. 22313
Counsel for Applicant

CERTIFICATE

I, James M. Thomson, of counsel for Applicant, do hereby certify that a copy of the foregoing Answer to Interrogatories was mailed to Anthony F. Troy, Esq., Mays, Valentine, Davenport & Moore, P.O. Box 1122, Richmond, Virginia 23208, Counsel for Shenandoah Savings & Loan Association; W. M. Feltner, President, Farmers and Merchants National Bank, 115 North Cameron St., Winchester, Va. 22601; Hugh D. McCormick, President, The Peoples Bank of Front Royal, Front Royal, Virginia 22630; and Dr. Milton A. Joyce, President, First Federal Savings and Loan Association, One South Royal Avenue, Front Royal, Virginia 22630, this _____ day of October, 1978.

James M. Thomson

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription
Adams, Harry, 1308 Edgemont Ave., Front Royal, Va.	Front Royal, Va. Self-employed		1 100 11/23/77	\$ 1 250 00
Akers, Elfriedge E., 154 Pinecrest St., Front Royal, Va.			500	6 250 00
Albright, Ova Lou & Robert H., 7710 Erie St., Annandale, Va.	Annandale - Retired		50	625 00
Alexander, Edward Walter III, Rt. 3, Box 55, Front Royal, Va.	Front Royal, Va. Clerk, A & P	Son of Kathleen Dora Alexander	75	937 50
Alexander, Kathleen Dora, Rt. 3, Box 55, Front Royal, Va.	Clerk, Front Royal	Mother of Edward Alexander	75	937 50
Altameng, James H. Jr., Box 243, Washington St., Strasburg, Va.	Regional Jail Coordinator		10	125 00
Allison, Denise A. & Clara C., Box 393, Front Royal, Va.	Front Royal, Va. Ladybug Exterminating Co.		100	1 250 00
Ambrose, Edgar A. & Barbara, Box 1086, Front Royal, Va.	Warren County Educator - schools	Parents of Heather E. Ambrose	100	1 250 00
Ambrose, Heather E., Box 1086, Front Royal, Va.	Child	Daughter of Edgar A. Ambrose	50	625 00
Ammons, Beverly J., 120 E. Main St., Front Royal, Va.	Front Royal, Va. Ammons Musicland		100	1 250 00
Andrews, Donald, Rt. 4, Box 660, Front Royal, Va.	Front Royal, Va. Heating & Air Condition Contractor		100	1 250 00
Andrews, Ray E. & Patricia P., Rt. 2, Box 92-B, Strasburg, Va.	Safeway, Front Royal		10	125 00
Arnell, Charles Robert, Box 1105, Front Royal, Va.	Front Royal, Va. Hairdresser		200	2 500 00
Armentrout, Jeffrey Lynn, 503 Washington Ave., Front Royal, Va.	Warren County Sheriff	Brother of Kathy Lynn Armentrout	25	312 50
Armentrout, Kathy Lynn, 503 Washington Ave., Front Royal, Va.	Warren County Sheriff	Sister of Jeffrey Lynn Armentrout	25	312 50
Bach, Bruce F., 10560 Main St., Fairfax, Va.	Attorney, Fairfax	Son of Fred & Irene	100	1 250 00
Bach, Fred W. & Irene K., 2336 N. Quantico St., Arlington, Va.	Government Employee, Arlington	Parents of Bruce F. Bach	100	1 250 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription
Gaggarly, Samuel J., Rt. 3, Box 840, Front Royal, Va.	Front Royal, Manager, Gilliam Lumber Co.		4 3000 12/2/77	\$ 37 500 00 \$
Hanks, George E. & Cornelia, 117 E. 16th St., Front Royal, Va.	Front Royal, Key Punch Operator		6 20 12/11/77	250 00
Hargardner, Charles D., Box 302, Front Royal, Va.	Front Royal, Self-employed		7 1000 11/24/77	12 500 00
Hayliss, Delmar A., Box 368, Winchester, Va.	Winchester, Realtor		2 200 11/10/77	2 500 00
Hean, Rolf, Box 177, Front Royal, Va.	Front Royal, Electronic Engineer		3 100 12/5/77	1 250 00
Healy, Jackie R., 423 Kerfoot Ave., Front Royal, Va.	Front Royal, Construction Laborer	Son of Laura Beaty	3 50 12/18/77	625 00
Beaty, Laura M., 423 Kerfoot Ave., Front Royal, Va.	Front Royal, Avtex, Prod. Worker	Mother of Jackie Beaty	3 100 12/8/77	1 250 00
Beaty, Marvin J., Box 13 B, Mt. Falls Rt., Winchester, Va.	Mechanic, Strasburg Orchardist		3 25 11/20/77	312 50
Beaver, James L., Box 292, Winchester, Va.	Front Royal, Banker		2 100 10/31/77	1 250 00
Barhalter, Frederick C., Rt. 2, Box 808, Front Royal, Va.	Front Royal, Beautician		4 20 11/21/77	250 00
Berry, Virginia L., Rt. 2, Box 610, Front Royal, Va.	Front Royal, Proctor Biggs Mill, Miller		4 50 11/25/77	625 00
Biggs, William M., 500 East Main St., Front Royal, Va.	Front Royal, Bingham's Carpet & Floor Cover., Contractor		4 200 11/14/77	2 500 00
Bingham, Thomas E. & Carole B., 104 South Street, Front Royal, Va.	Front Royal, Self-employed	Brother of James Black	7 100 10/18/77	1 250 00
Black, Eugene W., Rt. 3, Box 121, Front Royal, Va.	Front Royal, Self-employed	Brother of Eugene Black	3 100 11/14/77	1 250 00
Black, James A., Rt. 3, Box 155, Front Royal, Va.	Front Royal, Self-employed		8 200 12/7/77	2 500 00
Black, Evelyn W., Rt. 4, Box 175, Winchester, Va.	Teacher, Fred. Co.		4 100 12/3/77	1 250 00
Board, W. H., Jr., 606 North Royal Avenue, Front Royal, Va.	Front Royal, Board Tire & Battery			

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription
Hofes, Margaret T., Rt. 3, Box 859, Front Royal, Va.	Front Royal, Secretary		1 100 10/12/77	\$ 1 250 00
Polton, John W., 112 Jamestown Rd., Front Royal, Va.	Front Royal, Manager, Kent's Pizza Shop		3 400 12/16/77	5 000 00
Moore, Harold E., 730 Bass Ave., Front Royal, Va.	Front Royal, Electronic Technician		3 200 12/6/77	2 500 00
Brooks, Kathryn E., 501 Acton St., Front Royal, Va.	Front Royal, Housewife	Wife of Paul J. Brooks	6 10 12/2/77	125 00
Brooks, Paul J., 501 Acton St., Front Royal, Va.	Front Royal, Avtex, Engineering Dept.	Husband of Kathryn E. Brooks	6 10 12/2/77	125 00
Con, Billy P., Rt. 1, Box 255, Luray, Va.	Va. Dept. of Highways		3 100 12/8/77	1 250 00
Brown, Floyd J. & Bessie, 105 Washington Ave., Front Royal, Va.	Retired		4 1973 ADP	50 00
Brown, John E., Box 433, Front Royal, Va.	Front Royal, Builder, John E. Brown, Inc.		4 200 11/21/77	2 500 00
Brown, R. L., Rt. 2, Middletown, Va.	Electrical Contractor Middletown		2 1000 11/7/77	12 500 00
Brown, Ronald P. & Doris P., 1028 Horseshoe Drive, Front Royal, Va.	Front Royal, Salesman, Head Teller	Parents of Ronald P. Jr., Sondra & Scott Brown	1 25 12/3/77	312 50
Brown, Ronald P., Jr., 1028 Horseshoe Dr., Front Royal, Va.	Front Royal, Student	Son of Ronald P. & Doris P. Brown	1 10 12/3/77	125 00
Brown, Sondra & Scott, 1028 Horseshoe Dr., Front Royal, Va.	Front Royal, Students	Daughter & Son of Ronald P. & Doris P. Brown	1 10 12/3/77	125 00
Brown, Susan P., 435 Washington Ave., Front Royal, Va.	Front Royal, Book-keeper		3 20 12/7/77	250 00
Brown, Warren H., Jr. & Pamela M., 1012 Horseshoe Dr., Front Royal, Va.	Front Royal, Real Est. Assoc. Broker		7 40 11/14/77	500 00
Brumback, Carol Ann, Rt. 4, Box 476, Winchester, Va.	Student	Daughter of Gladys B. & Henry M. Brumback	2 10 10/10/77	125 00
Brumback, Frank H., Rt. 4, Box 479, Winchester, Va.	Farmer		2 3750 12/12/77	46 875 00
Brumback, Gladys B., Rt. 4, Box 476, Winchester, Va.	Winchester, Homemaker	Wife of Henry M. Brumback	2 25 12/8/77	312 50

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION

(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription
Brumback, Harman M. II, Rt. 4, Box 476, Winchester, Va.	Winchester, Va. Agriculture	Son of Gladys & Henry Brumback	2 10 10/10/77	\$ 125 00
Brumback, Henry M., Rt. 4, Box 476, Winchester, Va.	Winchester, Va. Farmer and Orchardist	Husband of Gladys Brumback	2 25 12/7/77	312 50
Brumback, Holly M., Rt. 4, Box 476, Winchester, Va.	Winchester, Va. Registered Nurse	Daughter of Gladys & Henry Brumback	2 10 10/10/77	125 00
Brumback, James I. & Mary H., Rt. 4, Box 438, Winchester, Va.	Winchester, Va. Farmer	Parents of Sherry Brumback	2 250 11/14/77	3 125 00
Brumback, Sherry James, Rt. 4, Box 438, Winchester, Va.	Student	Daughter of James & Mary Brumback	2 10 10/10/77	125 00
Bullock, John G., 19 E. Jackson St., Front Royal, Va.	Front Royal, Va. Bullocks Cleaners		1 10 12/3/77	125 00
Butler, Addie B., 125 The Hill, Front Royal, Va.	Front Royal, Va. Secretary		7 100 12/9/77	1 250 00
Burke, Andy, 104 South St., Front Royal, Va.	Front Royal, Va. Burke's Upholstery	Son of Marie Burke	3 100 10/7/77	1 250 00
Burke, Asa C., 831 W. 13th St., Front Royal, Va.	App. Welder	Son of Marie Burke	8 100 10/20/77	1 250 00
Burke, J. Monroe & Lera G. Jr., 125 The Hill, Front Royal, Va.	Warren County Comm. of Revenue	Parents of Joseph M. Burke, III	7 40 12/7/77	500 00
Burke, Joseph M. III, 125 The Hill, Front Royal, Va.	Front Royal, Va. Bookkeeping and Tax Service	Son of J. Monroe & Lera Burke	7 40 11/23/77	500 00
Burke, Marie B., 831 W. 13th St., Front Royal, Va.		Mother of Andy & Asa Burke	8 100 10/26/77	1 250 00
Bushong, John W., Rt. 4, Box 751, Front Royal, Va.	Manager Front Royal		3 15 11/30/77	187 50
Butler, Daniel L. & Lewis C., Jr., 6 E. 18th St., Front Royal, Va.			8 50 11/28/77	625 00
Cahill, Robert & Deborah W., 509 Frederick Ave., Front Royal, Va.	Asst. Foreman - Boise Cascade Bookkeeper - RMA		6 10 12/12/77	125 00
Cameron, James B., 321 Amherst Dr., Front Royal, Va.	Front Royal, Va. Old Virginia		3 50 11/10/77	625 00
Campbell, Andrew J., 8 Morain St., Front Royal, Va.	Service Station Operator	Husband of Ruth E. Campbell	3 50 11/10/77	625 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
Campbell, Walter Lynn, Oakmont Drive, Front Royal, Va.	Front Royal, Builder		4 1200 12/17/77	\$ 15 000 00	\$ 1 200 00
Campbell, Kenneth G., Box 306, Front Royal, Va.	Front Royal, Self-employed		4 100 11/21/77	1 250 00	200 00
Campbell, R. L., 6716 Deland Dr., Springfield, Va.	Truck Owner		5 100 11/25/77	1 250 00	12 50
Campbell, Ruth E., 8 Morain St., Front Royal, Va.	Front Royal, Office Mgr., Central Telephone Co.	Wife of Andrew T. Campbell	3 50 12/10/77	625 00	100 00
Campbell, Wade A., 4701 Flower Lane, Alexandria, Va.	Truck Owner		5 100 11/28/77	1 250 00	20 00
Cash, John David, 820 Virginia Ave., Front Royal, Va.	Front Royal, Self-employed	Husband of Nina Cash	4 50 12/10/77	625 00	25 00
Cash, John Thomas, 820 Virginia Ave., Front Royal, Va.	Front Royal, Minor	Son of John D. & Nina W. Cash	4 10 12/10/77	125 00	5 00
Cash, Nina Wright, 820 Virginia Ave., Front Royal, Va.	Front Royal, Clerk, Shenk's	Wife of John D. Cash	4 50 12/10/77	625 00	25 00
Cash, Ruth Irene, 412 Cherrydale Ave., Front Royal, Va.	Front Royal, Clerk, KMart	Daughter of John D. & Nina W. Cash	4 10 12/10/77	125 00	5 00
Cash, Susan Carol, 221 Fletcher St., Front Royal, Va.	Front Royal, Avtex	Daughter of John D. & Nina W. Cash	4 10 12/10/77	125 00	5 00
Cash, William David, 820 Virginia Ave., Front Royal, Va.	Front Royal, Minor	Son of John D. & Nina W. Cash	4 10 12/10/77	125 00	5 00
Cather, Lisa Kay, Bloomery Star Route, Box 110, Winchester, Va.	Student	Daughter of Robert A. Cather	2 100 12/5/77	1 250 00	50 00
Cather, Robert A., Bloomery Star Rt., Box 110, Winchester, Va.	Winchester, Pres., Mid-Atlantic Equip.		2 200 12/5/77	2 500 00	100 00
Cather, Robert Allen, Jr., Bloomery Star Rt., Box 110, Winchester, Va.	Student	Son of Robert A. Cather	2 100 12/5/77	1 250 00	50 00
Cather, Robert A. & Bonnadean M., Bloomery Star Rt., Box 110, Winchester, Va.	Winchester, Secretary	Parents of Lisa K. & Robert A. Cather, Jr.	2 100 12/5/77	1 250 00	50 00
Chandler, Frank H., Rt. 1, Box 200, Front Royal, Va.	Front Royal, Owner Chandler's Electric		4 100 11/22/77	1 250 00	100 00
Chapman, Hunter B., 2350 Fox Hill Road, Culpeper, Va.	Attorney, Culpeper	Brother of French Chapman	50 1973 11/27	625 00	93 75

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed		Total Amount of Subscription	Amount Paid
Chapman, J. French, 251 Broadview Ave., Warrenton, Va.	Warrenton	Husband of Carolyn Chapman	5 1 000	11/14/77	\$ 12 500 00	\$ 1 000 00
Chapman, J. French & Carolyn M., 3800 Richardson Pl., Fairfax, Va. 22030	Self-employed Warrenton		5 500	11/14/77	6 250 00	500 00
Christensen, L. N. & Betty J., 15th and Shenandoah Ave., Front Royal, Va.	Motel operator		4 100	12/5/77	1 250 00	200 00
Clatterbuck, Craig A., Rt. 2, Box 941, Front Royal, Va.	Front Royal, Va. Old Virginia	Son of Lester & Elizabeth Clatterbuck	7 10	11/34/77	125 00	20 00
Clatterbuck, Elizabeth A., Rt. 2, Box 941, Front Royal, Va.	Safeway	Wife of Lester Clatterbuck	7 20	11/34/77	250 00	40 00
Clatterbuck, Lester M., Rt. 2, Box 941, Front Royal, Va.	Traffic Manager Front Royal	Husband of Elizabeth Clatterbuck	7 20	11/30/77	250 00	40 00
Clayton, Robert H., Box 104, Stephens City, Va.	Petroleum Dist.		2 300	10/29/77	3 750 00	750 00
Clem, Don A., Box 1154, Front Royal, Va.	Student	Son of Irvin Clem	5 100	12/5/77	1 250 00	200 00
Clem, Irvin H. & Charlotte S., Box 1154, Front Royal, Va.	Front Royal, Va. Irvin Clem Real Estate	Parents of Don Clem	13 200	12/5/77	2 500 00	400 00
Cline, Auldy F. & Reiko O., Box 87, Front Royal, Va.	Clerk, Va. A.B.C. Commission		4 50	625	625 00	100 00
Cochran, J. Clayton, Jr., 17 W. Leicester St., Winchester, Va.	Real Estate		2 500	11/17/77	6 250 00	1 000 00
Comstock, H.E. and Gordon, James C., Jr., Trustees of the Profit Sharing Retirement of Comstock and Gordon, Ltd., 1330 Amherst St., Winchester, Virginia	Dentists		2 500	12/12/77	6 250 00	1 000 00
Cone, Fern C., Rt. 1, Stephens City, Va.	Retired		3 100	11/22/77	1 250 00	200 00
Cooley, J. S., Box 1102, Front Royal, Va.	Front Royal, Va. J. S. Cooley, Inc.		4 200	11/17/77	2 500 00	400 00
Coombs, Howard S. & Jean, 330 Virginia Ave., Front Royal, Va.	Warren County Teacher		4 10	12/5/77	125 00	20 00
Coons, Kent E., 30 Bradford Dr., Front Royal, Va.	Front Royal, Va. Owner - Kent's Pizza	Brother of Kim Coons	3 000	(10/25/77) 12/12/77	37 500 00	2 500 00
Coons, Kevin, Petit, Hattie N., 507 S. Lincoln Dr., Sterling Park, Va.	Student	Nephew of Kent Coons	3 80	12/7/77	1 000 00	1 000 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
Coons, Kim I., 8517 Marquette St., Vienna, Va.	Budget Analyst	Brother of Kent Coons	3 100 12/8/77	\$ 1 250 00	\$ 250 00
Coons, Sharon and Petit, Mattie N., 507 S. Lincoln Dr., Sterling Park, Va.	Student	Niece of Kent Coons	3 80 12/7/77	1 000 00	1 000 00
Cooper, Robert D. & Mary C., Rt. 3, Box 85, Front Royal, Va.	Front Royal, Sales Assoc., Donald Vaughan Realty		4 100 10/27/77	1 250 00	200 00
Cooper, Christopher Blair, Bentonville, Va.		Step-son of John Munson	6 10 11/6/77	125 00	20 00
Cornwell, Jean J. & Billy, Rt. 4, Box 358, Front Royal, Va.	Va. Highway Dept.		3 100 11/30/77	1 250 00	100 00
Corron, W. Leroy, Box 903, Front Royal, Va.	Front Royal, Attorney		4 100 10/31/77	1 250 00	200 00
Corwin, Carl F. & Kathryn H., 215 Manassas Ave., Front Royal, Va.	Front Royal, Warren County Tax Assessor		7 20 11/12/77	250 00	40 00
Costello, James, Huntly, Va.	Front Royal, Ins. Salesman		4 50 11/24/77	625 00	100 00
Coverstone, Robert & Flo., 416 Bel Air Ave., Front Royal, Va.	Front Royal, Driver, United Parcel Serv.		8 10 11/12/77	125 00	20 00
Crim, James M. & Ann B., 115 North Charles St. Front Royal, Va.	Front Royal, Owner Crim's Trailer Sales		7 300 12/28/77	3 750 00	300 00
Crowder, Ashby E. & Pearl S., Rt. 1, Box 786, Front Royal, Va.	Virginia State Police		7 100 11/25/77	1 250 00	200 00
Curl, Lucille Rettberg, 416 S. Royal Ave., Front Royal, Va.	Front Royal, Motel Owner, Mgr.		4 1000 11/14/77	12 500 00	2 000 00
Cole, John E., Jr., 738 Stonewall Dr., Front Royal, Va.	Front Royal, Self- employed, retail		4 20 12/5/77	250 00	50 00
Cuthbert, Margaret R. and Cuthbert, Elizabeth L., 114 Fairview Ave., Front Royal, Va.	Front Royal, Shipping clerk		3 25 11/22/77	312 50	50 00
Daniel, John H., c/o Hardee's, Front Royal, Va.	Front Royal, Rest. owner		3 50 11/17/77	625 00	100 00
Daniels, Tommie G., Rt. 1, Box 208, Front Royal, Va.	Front Royal, Self- employed		1 100 11/23/77	1 250 00	200 00
Darr, Anna L., Rt. 3, Box 50, Front Royal, Va.	Front Royal, Food Clerk	Wife of Clarence Darr	3 100 12/7/77	1 250 00	200 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION

(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
Darr, Clarence W., Rt. 3, Box 50, Front Royal, Va.	Labor, Front Royal	Husband of Anna Darr	3 200 12/8/77	\$ 2 500 00	\$ 400 00
Daugherty, Delisle C. & Thelma, 531 Manassas Ave., Front Royal, Va.	Retired Sign Painter		16 1973 184	200 00	200 00
Davis, Webb, 425 W. 15th St., Front Royal, Va.	Front Royal, Va. Davis Paving Co.		3 200 11/10/77	2 500 00	400 00
Dollinger, Max M., Box 1579, Front Royal, Va.	Front Royal, Va. Insurance Agent		4 50 12/5/77	625 00	125 00
Dunnison, Fred E. & Helen P., Rt. 1, Box 251, Front Royal, Va.	Construction - Contractor		8 200 12/9/77	2 500 00	200 00
Dickerson, Marvin C. & Juanita W., 10806 Maple St., Fairfax, Va.	County of Fairfax Fire Service Mechanic		3 50 11/11/77	625 00	100 00
Dudson, Collis W., Box 174, Flint Hill, Va.	Truck Driver		3 10 11/11/77	125 00	20 00
Dudson, Rosemary Cash, Cash, Nina W., 221 Fletcher St., Front Royal, Va.	Front Royal, Va. Housewife	Daughter of David Cash	4 10 12/10/77	125 00	5 00
Dudson, Wendy Marie, Cash, Nina W., 221 Fletcher St., Front Royal, Va.	Minor	Daughter of Rosemary Cash	4 10 12/10/77	125 00	5 00
Douglas, Bonnie Lee, Rt. 4, Box 475, Winchester, Va.	Registered Nurse	Daughter of James & Margaret Douglas	2 100 10/10/77	1 250 00	205 00
Douglas, James Brumback, Rt. 4, Box 475, Winchester, Va.	Student	Son of James & Margaret Douglas	2 100 11/25/77	1 250 00	205 00
Douglas, James M., Rt. 4, Box 475, Winchester, Va.	Winchester, Va. Farmer	Husband of Margaret Douglas	3 200 11/10/77 11/28/77	2 500 00	387 50
Douglas, Margaret B., Rt. 4, Box 475, Winchester, Va.	Housewife	Wife of James Douglas	3 150 10/14/77 11/25/77	1 875 00	300 00
Douglas, Sally Keith, Rt. 4, Box 475, Winchester, Va.	Student	Daughter of James & Margaret Douglas	2 100 11/23/77	1 250 00	205 00
Downing, Estelle W., 206 First St., Front Royal, Va.	Secretary		4 10 11/31/77	125 00	20 00
Downing, J. H., Box 327, Front Royal, Va.	Front Royal, Va. Downing Motor Co.		4 10 11/31/77	125 00	20 00
Drinkwater, Ann, Petit, Hattie N., 33 S. Marshall St., Front Royal, Va.	Minor	Daughter of Robert Drinkwater	3 80 12/7/77	1 000 00	1 000 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	of Employment Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
. Drinkwater, Robert J., 33 S. Marshall St., Front Royal, Va.	Front Royal, Owner Maintenance Co.	Father of Ann and Tresa Drinkwater	1 100 10/15/77	\$ 1 250 00	\$ 100 00
. Drinkwater, Tresa, 33 S. Marshall Street, Front Royal, Va.	Student	Daughter of Robert Drinkwater	3 80 12/7/77	1 000 00	1 000 00
. Duncan, Shirley O., 319 Amherst Drive, Front Royal, Va.	Front Royal, Hotel - Rest. Operator	Brother of Walter M. Duncan	3 25 11/14/77	312 50	50 00
. Duncan, Walter M. & Mary Z., 928 S. Marshall St., Front Royal, Va.	Front Royal Town Mgr., Office Mgr. Randolph Macon Academy	Brother of Shirley O. Duncan	6 8 12/12/77	100 00	100 00
. Eastham, Edwin M., III, Huntly, Va.	Farmer, Real Estate Agent		7 100 11/14/77	1 250 00	200 00
. Eastham, Thomas L., Ben Venue Farms, Washington, Va.	Farmer		4 100 11/18/77	1 250 00	200 00
. Evans, John W., 125 S. Royal Ave., Front Royal, Va.	Front Royal, Auto Dealer, Evans Chev.		4 10 10/21/77	125 00	20 00
. Ewell, John F., Box 1259, Front Royal, Va.	Front Royal, Attorney		4 25 11/18/77	312 50	100 00
. Farrell, Richard J., 408 Duncan Ave., Front Royal, Va.	Front Royal, Post- master		7 10 11/25/77	125 00	20 00
. Fincham, Elizabeth V. H., 623 W. 11th St., Front Royal, Va.	Front Royal, Secretary, Fussell Florist		1 10 11/26/77	125 00	20 00
. Fleet, Alan W., 105 Locust Dr., Strasburg, Va.	Dept. Mgr.		3 100 11/14/77	1 250 00	100 00
. Flynn, John, Jr., Boyce, Va.	Real Estate		20 1973 ADD	250 00	37 50
. Fake, Harry L., Jr., 106 Marshall St., Strasburg, Va.	Manager, Strasburg		3 200 12/10/77	2 500 00	400 00
. Felt, Richard J., Randolph Macon Academy, Front Royal, Va.	USAF Retired		6 100 11/16/77	1 250 00	200 00
. Fox, Archie & Emogene, 226 Washington Ave., Front Royal, Va.	Front Royal, Fox Heating & Cooling Service, Inc.	Parents of Gina, Jody and Wade Fox	3 25 11/30/77	312 50	50 00
. Fox, Archie Wade, 226 Washington Ave., Front Royal, Va.	Student	Son of Archie & Emogene Fox	3 25 11/30/77	312 50	50 00
. Fox, Calvin & Maggie, Rt. 3, Box 566, Front Royal, Va.	Retired		8 200 12/7/77	2 500 00	200 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
1. Fox, Edward A. & Lillian S., Rt. 522 South, Front Royal, Va.	Front Royal, Va. Man for Town		6 500 12/9/77	\$ 6 250 00	\$ 300 00
2. Fox, Gina Michelle, 226 Washington Ave., Front Royal, Va.	Student	Daughter of Archie & Emogene Fox	3 25 11/30/77	312 50	50 00
3. Fox, James, Jr., John Marshall Highway, Front Royal, Va.	Manager, Front Royal		100 1973 ASD	1 250 00	187 50
4. Jody Allen, 226 Washington Ave., Front Royal, Va.	Student	Son of Archie & Emogene Fox	3 25 11/30/77	312 50	50 00
5. Frazier, Lynwood & Eulice D., 818 Stonewall Dr., Front Royal, Va.	Centel of Va. Front Royal		4 50 12/5/77	625 00	100 00
6. French, Orrin L, Route 1, Woodstock, Va.	Lawyer, Woodson		4 100 1973 ASD	1 250 00	187 50
7. Fristoe, Aron Wade, Route 3, Box 753, Front Royal, Va.	Student	Son of T. Wayne & Ellen Fristoe	4 10 12/13/77	125 00	20 00
8. Fristoe, Charles R. & Loma R., 421 Duncan Ave., Front Royal, Va.	Front Royal, Va. Avtex Fibers, Inc.	Parents of T. Wayne & Kathryn Gilliam	4 100 11/20/77	1 250 00	200 00
9. Fristoe, Forrest W. & Thelma H., 625 Washington Ave., Front Royal, Va.	Front Royal	Brother of Charles R. Fristoe	4 50 12/5/77	625 00	100 00
10. Fristoe, T. Wayne & Ellen F., Route 3, Box 753, Front Royal, Va.	Clerk, Herndon	Parents of Aron W. Fristoe	4 10 12/13/77	125 00	20 00
11. Frontier Bowl - Dan Browning, Box 1463, Front Royal, Va.	Trucking		3 100 12/1/77	1 250 00	200 00
12. Fulton, Arthur H., Box 86, Stephens City, Va.	Stephens City, Va.		4 200 12/9/77	2 500 00	100 00
13. Guder, John M., 117 Fairview Ave., Front Royal, Va.	Retired		3 20 12/7/77	250 00	40 00
14. Gaudio, Gene C., Rt. 1, Box 991, Front Royal, Va.	Radio Tech.	Father of Gina A. Gaudio	500 12/7/77	6 250 00	1 000 00
15. Gaudio, Gina Angela, Rt. 1, Box 991, Front Royal, Va.	Front Royal Front Royal Communications	Daughter of Gene C. Gaudio	7 200 11/18/77	2 500 00	400 00
16. Gentry, Mrs. Amy B., 2955 S. Pleasant Valley Rd., Winchester, Va.	Housewife	Daughter of Glayds & Henry Brumback	2 10 10/10/77	125 00	25 00
17. George, J. Ronald & Rose J., Rt. 1, Box 118, Linden, Va.	Warren County County Administrator		7 100 12/4/77	1 250 00	200 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

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Giles, Irma E., 18 N. Marshall St., Front Royal, Va.	Retired	Wife of Luther C. Giles	4 250 11/23/77	\$ 3 125 00	\$ 250 00
Giles, Luther C., 18 N. Marshall St., Front Royal, Va.	Retired	Husband of Irma E. Giles	4 250 11/28/77	3 125 00	250 00
Gilliam, C. Clay, 530 Frederick Ave., Front Royal, Va.	Student	Son of Ronald S. Gilliam	4 200 11/21/77	2 500 00	250 00
Gilliam, Howard, Jr., 318 Oakland St., Phenix, Va.	Retired	Brother-in-law of Margaret Gilliam	4 80 1973 ADP	1 000 00	150 00
Gilliam, Kathryn F., 530 Frederick Ave., Front Royal, Va.	Front Royal, Secretary	Wife of Ronald S. Gilliam	4 1000 11/24/77	12 500 00	375 00
Gilliam, Laura Ann, 530 Frederick Ave., Front Royal, Va.	Minor	Daughter of Ronald S. & Kathryn Gilliam	4 200 11/28/77	2 500 00	500 00
Gilliam, Margaret E., 509 Warren Ave., Front Royal, Va.		Mother of Ronald S. & William Gilliam	44005 1973 ADP	50 062 50	9 000 00
Gilliam, Rene, 530 Frederick Ave., Front Royal, Va.	Student	Son of Ronald S. Gilliam	4 200 11/29/77	2 500 00	250 00
Gilliam, Ronald S., 530 Frederick Ave., Front Royal, Va.	Front Royal, Real Estate Broker	Husband of Kathryn F. Gilliam	4 2000 11/22/77	25 000 00	2 700 00
Gilliam, Sara S., 530 Frederick Ave., Front Royal, Va.	Student	Daughter of Ronald S. Gilliam	4 200 11/21/77	2 500 00	250 00
Gilliam, Sheldon Scott, 530 Frederick Ave., Front Royal, Va.	Student	Son of Ronald S. Gilliam	4 200 11/14/77	2 500 00	250 00
Gilliam, William J., Clifton, Virginia	Attorney	Brother of Ronald S. Gilliam	5 3750 12/10/77	46 875 00	4 750 00
Giese, George W., Jr., 817 Dutton Place, Winchester, Va.	Realtor		2 200 11/10/77	2 500 00	400 00
Goldsmith, Laurence, 6 W. 18th St., Front Royal, Va.	Front Royal, Ins. Agent		3 50 11/14/77	625 00	100 00
Gordon, James C., Jr., 1330 Amherst St., Winchester, Va.	Winchester, Dentist		7 500 12/10/77	6 250 00	1 000 00
Gott, Gladys R., 564 River Dr., Front Royal, Va.	Retired	Mother-in-law of William Gilliam	5 5 11/28/77	62 50	10 00
Gott, Raymond P., 564 River Dr., Front Royal, Va.	Retired	Father-in-law of William Gilliam	5 5 11/28/77	62 50	10 00
Gray, Tex W., Rt. 2, Box 300 G, Stanley, Va.	Highway Inspector		3 50 12/1/77	625 00	100 00

144

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
Green, Richard J., P.O. Box 111, Front Royal, Va.			4 8	12/12/77 \$ 100 00	\$ 100 00
Gregory, Ralph S., 606 Carter Dr., Winchester, Va.	Stephens City, Va.		2 100	10/17/77 1 250 00	200 00
Grimsley, David F. & Sylvia, 126 E. Main St., Front Royal, Va.	Salesman Front Royal, Va.		4 10	12/6/77 125 00	20 00
Grove, John B. & Patsy, P.O. Box 8, Front Royal, Va.	Merchant Front Royal, Va.		1 250	12/9/77 3 125 00	500 00
Grove, Thomas W., Box 1104, Front Royal, Va.	Self-employed Real Estate		4 800	11/28/77 10 000 00	1 000 00
Groves, Edward M., Rt. 3, Box 380, Front Royal, Va.	Self-employed		7 100	12/2/77 1 250 00	200 00
Hall, Dalton & Grace D., Route 4, Box 326, Front Royal, Va.	Retired	Parents of Francis, Gene, Delano Hall & Adeliade Seigel	6 100	12/11/77 1 250 00	200 00
Hall, Delano A. & Kay C., Route 4, Box 326, Front Royal, Va.	Supervision in Publication	Son of Dalton & Grace Hall	6 100	12/11/77 1 250 00	200 00
Hall, Francis D., 124 Polk Ave., Front Royal, Va.	Front Royal, Va.	Son of Dalton & Grace Hall	6 3 750	12/11/77 46 875 00	2 500 00
Hall, Gene S. & Betty Jo, Rt. 4, Box 326, Front Royal, Va.	Hall's Enterprises Data Base Adm.	Son of Dalton & Grace Hall	6 50	12/11/77 625 00	100 00
Hall, William A., 13 W. Stonewall Dr., Front Royal, Va.	Land Surveyor		7 50	10/25/77 625 00	100 00
Hammock, Harry W. II, 27 Richmond Rd., Front Royal, Va.	Clerk		4 10	12/7/77 125 00	20 00
Harper, Oliver B., Route 3, Box A-120, Front Royal, Va.	Contractor		100	1973 ASDP 1 250 00	187 50
Heideman, Wayne M., Rt. 4, Box 412, Front Royal, Va.	Front Royal, Va. Heideman Bakery		3 400	10/17/77 5 000 00	800 00
Henry, Elmer D., Sr., 406 Kerfoot Ave., Front Royal, Va.	Warehouse Salesman		4 20	11/21/77 250 00	40 00
Henry, Giles R., Jr., P.O. Box 1557, Front Royal, Va.	Paint Contractor	Brother of Patsy Grove	1 250	12/9/77 3 125 00	500 00
Henry, Russell H., 515 Bel Air Ave., Front Royal, Va.	Local 691 Labor Union		8 50	12/6/77 625 00	50 00
Hepner, Kirby L, Jr., Rt. 1, Box 34, Winchester, Va.	Winchester, Va. Quart M. Perry, Inc.		4 100	12/10/77 1 250 00	200 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION

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Herr, W. E., Jr., 201 E. Main St., Front Royal, Va.	Front Royal, Pres., Trout Drug Co.		4 100 12/5/77	\$ 1 250 00	\$ 250 00
Hibbs, Kenneth & Roberta, 52 Charles St., Front Royal, Va.	Trucker		8 50 11/4/77	625 00	100 00
Hibbs, Robert F., 203 E. 6th St., Front Royal, Va.	Front Royal, Valley Auto		8 50 10/31/77	625 00	100 00
Hickerson, Cathy Ann, 205 A. East Main St., Front Royal, Va.	Front Royal, Self-employed		4 10 11/14/77	125 00	20 00
Hickerson, Deanna D., 409 Pence St., Front Royal, Va.	Front Royal, Housewife		4 10 11/15/77	125 00	20 00
Hickerson, Douglas R., 409 Pence St., Front Royal, Va.	Minor		4 10 11/15/77	125 00	20 00
Hickerson, Gary D., 409 Pence St., Front Royal, Va.	Front Royal, Purchase Agent	Brother of Cathy Ann	4 10 11/15/77	125 00	20 00
Hickerson, Michael J., 409 Pence St., Front Royal, Va.	Minor		4 10 11/15/77	125 00	20 00
Hight, James A., Rt. 3, Box 850, Front Royal, Va.	Front Royal, Banking		4 100 10/31/77	1 250 00	200 00
Hill, Douglas E., 19 Washington Ave., Front Royal, Va.	Front Royal, Service Station Owner		4 100 12/12/77	1 250 00	200 00
Holliday, David B. & June R., 2187 Stonebrook Rd., Winchester, Va.	Self-contractor		2 200 12/10/77	2 500 00	200 00
Hollis, Joseph W., Rt. 2, Box 92, Stephens City, Va.	Front Royal, Route Supervisor	Son of Marshall Hollis	3 20 11/26/77	250 00	40 00
Hollis, Marshall F. & Frances, RFD 2, Box 90, Stephens City, Va.	Front Royal, Treas. B. J. Sager, Inc.	Father of Joseph Hollis	3 25 10/7/77	312 50	312 50
Holloran, John G., Jr., 211 Broadview Ave., Warrenton, Va.	Contractor		200 1973 2000	2 500 00	375 00
Horton, S. Harold & Kay H., Rt. 3, Box 681, Front Royal, Va.	Front Royal, Self-employed		2 100 12/14/77	1 250 00	200 00
Hott, Lewis or Lottie J., 309 Russellcroft Road, Winchester, Va.	Manager		40 1973 2000	500 00	75 00
Howe, Laurence R. & Phyllis J., 189 Pinecrest St., Front Royal, Va.	Front Royal, Salesman, Sears		1 50 11/24/77	625 00	100 00
Huckaby, Gaston, Box 43, Front Royal, Va.	Front Royal, Pullman Couch Co.		4 100 12/8/77	1 250 00	200 00

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24. Hudson, Basil C. Jr. & Alice R., Route 3, Box 18 Front Royal, Va.	Front Royal, Va. Self-employed	Parents of Melissa & Basic Hudson, III & Debra Langfitt	1 130	12/12/77	\$ 1 625 00	\$ 180 00
25. Hudson, Basil C., III, Route 3, Box 18, Front Royal, Va.	Student	Son of Basil Jr. & Alice Hudson	1 10	12/10/77	125 00	20 00
26. Hudson, Melissa K., Route 3, Box 18, Front Royal, Va.	Minor	Daughter of Basis & Alice Hudson	1 20	12/10/77	250 00	40 00
27. Hundley, W. L., 520 Cable Place, Front Royal, Va.	Retired		1 300	11/23/77	3 750 00	300 00
28. Hunt, Paul L., Rt. 4, Box 300, Front Royal, Va.	Electrician		6 300	11/6/77	3 750 00	600 00
29. Hummer, Alfred R., 225 N. Cameron St., Winchester, Va.	Field Operations Director		2 500	12/3/77	6 250 00	1 250 00
30. Iden, Gary & Beth, Box BB, Rt. 1, Bentonville, Va.			4 10	12/7/77	125 00	20 00
31. Ingle, Christopher W., Ingle, Robert H. Jr. LTC RET., Box 267, Washington, Va.	Retired Army Officer Student		4 30	12/10/77	375 00	60 00
32. Irvin, George R., Edinburg, Va.	Self-employed		100		1 250 00	125 00
33. Janow, Leon F., Rt. 2, Box 500, Front Royal, Va.	Front Royal, Va. Campground Manager		7 200	10/3/77	2 500 00	400 00
34. Jeffries, Richard S. & Connie, 400 Fox Dr., Winchester, Va.	Winchester, Va. Southern States		2 60	10/3/77	750 00	120 00
35. Jenkins, David C., Jr., 209 Weems Lane, Winchester, Va.	Real Estate Broker		4 100	11/16/77	1 250 00	200 00
36. Jenkins, Stephen G., Rt. 1, Box 245 E, Front Royal, Va.	Factory worker		3 20	12/8/77	250 00	40 00
37. Jett, Clayton E., Box 202, Riverton, Va.	Salesman		4 100	11/2/77	1 250 00	100 00
38. Jewel, Michael Wayne & Barbara L., Box 164, Linden, Va.			8 10	12/8/77	125 00	20 00
39. Jewel, Robert D. & Barbara L., Box 164, Linden, Va.			8 10	12/8/77	125 00	20 00
40. Jones, Harry C., Box 16, Woodstock, Va.	Salesman		4 10	12/8/77	125 00	10 00
41. Jones, Richard A., Rt. 2, Box 500, Front Royal, Va.	Front Royal, Va. Campground Manager		7 100	10/3/77	1 250 00	200 00

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2. Jones, Stanley & Helen H., Box 1083, Front Royal, Va.			1 50 12/4/77	\$ 625 00	\$ 100 00
3. Keith, Robert & Melanie, Box 88 99, Rt. 1, Bentonville, Va.			4 10 12/7/77	125 00	20 00
4. Kelly, Paul D. & Elizabeth V., 422 Randolph Ave., Front Royal, Va.	Front Royal, Plumber Retired		7 20 11/70/77	250 00	100 00
5. Kennedy, Paul E., 7822 Howard St., Manassas, Va.	Police Officer		3 100 11/4/77	1 250 00	200 00
6. Kerns, Lyle E., 601 N. Royal Ave., Front Royal, Va.	Front Royal, Owner Service Station		3 100 12/7/77	1 250 00	200 00
7. Kersey, Aaron A., 623 S. Royal Ave., Front Royal, Va.	Front Royal, Rest. Belle Boyd		3 100 11/7/77	1 250 00	200 00
8. Kibbee, Peter B., 1921 Kennedy Dr. 102, McLean, Va.	Zoo Adm.		3 25 10/24/77	312 50	50 00
9. Kibler, Otis H., Box 548, Front Royal, Va.	Front Royal, Merchant E & O Furniture Co.		3 10 11/1/77	125 00	20 00
10. Kilby, James W. & Catherine E., Rt. 3, Box 63, Front Royal, Va.			4 100 11/21/77	1 250 00	200 00
11. Kinneel, Gloria H., Rt. 3, Box 880, Front Royal, Va.	Front Royal, Teacher Warren Co. High School		4 100 12/10/77	1 250 00	200 00
12. King, Nuella Ann, 150 W. Main St., Front Royal, Va.	Front Royal, Mail Carrier		3 200 12/11/77	2 500 00	400 00
13. Knox, Gerald W., 295 Cook Lane, Front Royal, Va.	Front Royal, Owner Jerry's TV		3 100 11/14/77	1 250 00	200 00
14. Lamp, Ralph E. & Patricia E., 519 Applecroft Road, Winchester, Va.	Winchester, Fred. Co. School Board		2 30 12/3/77	375 00	60 00
15. Langfitt, David & Deborah, Rt. 3, Box 18, Front Royal, Va.	Navy, Nurse	Son of Basil C. & Alice Hudson, Daughter of S.V. & Ruth Langfitt Parents of David Langfitt & Ruth Ann Reed	1 10 12/10/77	125 00	20 00
16. Langfitt, Silas V. & Ruth V., 422 Duncan Ave., Front Royal, Va.	Retired, Secretary		100 11/28/77	1 250 00	100 00
17. Langwasser, Carol E., 1822 Warren Dr., Woodbridge, Va.	Nurse		100 1977 APR.	1 250 00	187 50
18. Lawrence, Patricia M., 558 River Dr., Front Royal, Va.	Front Royal, Whole- sale retail merchant		4 500 11/21/77	6 250 00	1 000 00
19. Leadman, Charles E., Jr., Rt. 2, Box 478, Front Royal, Va.	Front Royal, Electrician		8 50 10/18/77	625 00	100 00
20. Lee, Beulah H. M., Rt. 1, Box 734, Front Royal, Va.	Avtex, Front Royal		1000 12/5/77	12 500 00	2 000 00

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1. Legg, John W. Jr., Box 37, Front Royal, Va.	Front Royal, Va. Crawford Ins. Co.		7 100 11/22/77	\$ 1 250 00	\$ 200 00
2. Lehw, Larry Leon, 203 Cavalier Dr., Front Royal, Va.	Well Driller		200 11/13/77	2 500 00	375 00
3. Leonard, Lawrence, Jr., 2350 Fox Hill Rd., Culpeper, Va.	Anesthetist		100 11/13/77	1 250 00	187 50
4. Linger, Louis W., 318 Amherst Dr., Front Royal, Va.	Teacher	Husband of Ruth Linger	6 10 12/7/77	125 00	20 00
5. Linger, Ruth E., 318 Amherst Dr., Front Royal, Va.	Housewife	Wife of Louis Linger	7 10 12/12/77	125 00	20 00
6. Linn, Samuel H., Rt. 1, Box 905, Front Royal, Va.	Mechanic		3 20 11/26/77	250 00	10 00
7. Lockhart, William & Suzie A., 2538 Chainbridge Rd. #103, Vienna, Va.	Cash and Carry		3 100 11/24/77	1 250 00	200 00
8. Lupton, George E. & Sally S., Rt. 4, Box 707, Front Royal, Va.	Heating & Cooling		7 10 11/14/77	125 00	20 00
9. Luttrell, James T., 800 S. Hoga St., Sterling Park, Va.	U. S. Army		4 100 11/20/77	1 250 00	187 00
10. Lyon, Mary Frances, 324 Amherst St., Front Royal, Va.	Retired		4 80 11/30/77	1 000 00	1 000 00
11. McClure, Wayne & Virginia, Box 117, Rt. 1, Winchester, Va.	Front Royal, Va. Schewel Furn. Co.		2 100 11/9/77	1 250 00	200 00
12. McDaniel, Nuel P. & Doris U., 301 E. Main St., Front Royal, Va.	Front Royal, Va. McDaniel's Jewelry		7 100 12/8/77	1 250 00	200 00
13. McDermott, Gladys R., 1001 Horseshoe Dr., Front Royal, Va.	Retired		8 50 11/21/77	625 00	100 00
14. McDermott, James M., 1001 Horseshoe Dr., Front Royal, Va.	U. S. Navy		8 50 12/10/77	625 00	100 00
15. McDonald, Roy & Loretta, Rt. 2, Box 264, Stephens City, Va.	Stephens City, Va. Orchardist & Farmer		2 100 12/12/77	1 250 00	200 00
16. McEathron, Dori Ann, 905 Williams St., Front Royal, Va.	Front Royal, Va. Allyns Mens Shop		6 25 11/4/77	312 50	50 00
17. Elroy, Norman L., Box 581, Front Royal, Va.	Front Royal, Va. High Knob, Inc.		7 100 10/28/77	1 250 00	200 00
18. McFall, Francis H., Box 1237, Front Royal, Va.	Front Royal, Va. Retail merchant		4 50 12/12/77	625 00	50 00

FR ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

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1. McGee, Andrea Laine or Virginia, Rt. 6, Box 585, Winchester, Va.	Student	Sister of Jeffrey J. & Rhonda J. McGee	(2) 167 10/22/77	\$ 2 087 50	\$ 334 00
2. McGee, Jeffrey J. or Virginia, Rt. 6, Box 585, Winchester, Va.	Student	Brother of Andrea L. & Rhonda J. McGee	(2) 167 10/22/77	2 087 50	334 00
3. McGee, Rhonda J. or Virginia M., Rt. 6, Box 585, Winchester, Va.	Student	Sister of Jeffrey & Andrea L. McGee	(3) 166 10/22/77	2 075 00	332 00
4. McGreevy, Joseph N. & Anna L., 105 E. Main St., Front Royal, Va.	Front Royal, Ins. Agent		3 50 11/26/77	625 00	100 00
5. McInturff, H. Eugene, Box 1111, Front Royal, Va.	Front Royal, Merchant		7 100 11/14/77	1 250 00	200 00
6. McManus, Kimberly Kee, RMA, Front Royal, Va.	Minor	Sister of Ronald G. McManus, Jr.	6 10 12/9/77	125 00	20 00
7. McManus, Ronald Grant, Jr., RMA, Front Royal, Va.	Minor	Brother of Kimberly Kee McManus	2 10 12/9/77	125 00	20 00
8. Macturk, Vernon T., 412 W. Main St., Front Royal, Va.	Front Royal, Municipal Employee		4 10 11/7/77	125 00	20 00
9. Magargel, Edna F., 2253 N. Harrison St., Arlington, Va.	Retired		3 100 11/4/77	1 250 00	200 00
10. Magargel, Edna F., Robinson, Patricia, 2253 N. Harrison St., Arlington, Va.	Retired		3 100 11/4/77	1 250 00	200 00
11. Magargel, Miles E., 6603 Lawndale Dr. T-1, Falls Church, Va.	Loan Underwriter-FHA		3 550 11/4/77	6 875 00	1 100 00
12. Manuel, Betty T., 120 W. 6th Street, Front Royal, Va.	Front Royal, Secretary		8 25 12/7/77	312 50	25 00
13. Manuel, Harold E. & Shirley T., 500 Hamilton Circle, Front Royal, Va.	Front Royal, Safeway, Meat Mgr.		6 10 12/7/77	125 00	20 00
14. Manuel, Hubert B. & Bernice T., 115 Polk Ave., Front Royal, Va.	Puralator Courier Corp., Dept. Public Welfare	Brother of Oris T. Manuel	1 200 12/10/77	2 500 00	200 00
15. Manuel, Oris T. & Phyllis O., Rt. 1, Box 103, Bentonville, Va.	Clerk, Insurance	Brother of Hubert B. Manuel	1 100 12/10/77	1 250 00	200 00
16. Marlow, Carolyn Ann, 120 Clymer Ave., Front Royal, Va.	Student	Wife of Walter Marlow	7 50 10/21/77	625 00	125 00
17. Marlow, Walter E., 120 Clymer Ave., Front Royal, Va.	USDA Soil Conservation Service	Husband of Carolyn Ann Marlow	7 50 10/21/77	625 00	125 00
18. Martin, Charles Edward, Box 1167, Front Royal, Va.	Front Royal, Sales Mgr., Gilliam Lumber Co.		1 300 11/19/77	3 750 00	300 00

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(Name of Applicant)

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Martin, Marshall, 82 Eldon St., Herndon, Va.	Lawyer		200 1973 P.P.	\$ 2 500 00	\$ 375 00
Martin, William C., 733 Bass Ave., Front Royal, Va.	Front Royal, Va. B. J. Sager, Inc.		3 100 10/10/77	1 250 00	200 00
Mathews, Jerry L. & Louise W., Rt. 1, Triple M Farm, Bentonville, Va.	Southern States	Son of Mildred Mathews	1 100 12/10/77	1 250 00	200 00
Mathews, Mildred C., Rt. 1, Box 123, Bentonville, Va.	Seamstress	Parents of Ricky Mathews	1 250 12/14/77	3 125 00	500 00
Mathews, Prudence, 412 N. Royal Ave., Front Royal, Va.	Bookkeeper	Mother of Jerry Mathews	6 50 12/7/77	625 00	50 00
Mathews, Ricky L., Rt. 1, Triple M Farm, Bentonville, Va.	Student	Son of Jerry & Louise Mathews	1 100 12/14/77	1 250 00	200 00
Mauck, Perry, 1008 Virginia Ave., Front Royal, Va.	Roofer		4 20 12/21/77	250 00	40 00
Mayhew, Michael P., 2253 N. Harrison St., Arlington, Va.	Data Processing Mgr.		3 100 11/4/77	1 250 00	200 00
Mayhew, Steven R., 2253 N. Harrison St., Arlington, Va.	Machinist		3 100 11/4/77	1 250 00	200 00
Meadows, Edward R. & Olive C., Rt. 1, Box 1005, Front Royal, Va.	General Contractor		7 200 11/26/77	2 500 00	200 00
Miller, Clifton M., Box 547, Front Royal, Va.	Aircraft Parts		4 100 11/30/77	1 250 00	500 00
Miller, Donald L., 203 S. Massanutten St., Strasburg, Va.	Salesman		1 100 11/21/77	1 250 00	100 00
Miller, Justin L., Rt. 4, Box 524, Front Royal, Va.	Roofer		3 25 11/25/77	312 50	50 00
Miller, Margie A., 106 Abington Dr., Alexandria, Va.	Government employee		3 12 11/25/77	150 00	150 00
Mills, Marlin O., Rt. 3, Box 627, Front Royal, Va.	Front Royal, Va. Mills Auto Parts	Son of Nelson Mills	8 150 11/28/77	1 875 00	200 00
Mills, Nelson O., 803 N. Royal Ave., Front Royal, Va.	Front Royal, Va. Mills Auto Parts	Father of Marlin Mills	5 400 11/22/77	5 000 00	800 00
Moffett, Preston L., Merriman's Lane, Winchester, Va.	Winchester, Va. Distributor		3 100 12/24/77	1 250 00	200 00
Montgomery, L.A., 124 W. 13th St., Front Royal, Va.	Front Royal, Va. Avtex - Engineer	Husband of Louise R. Montgomery	4 150 11/26/77	1 875 00	100 00
Montgomery, Louise R., 124 W. 13th St., Front Royal, Va.	Front Royal, Va. Avtex	Wife of L. A. Montgomery	4 150 11/27/77	1 875 00	100 00
Moore, John H., Gloschoster St., Front Royal, Va.	Front Royal, Va. John H. Moore Carpets		8 25 11/21/77	312 50	25 00
Moran, Donna, Rt. 4, Box 351, Front Royal, Va.	Bookkeeper		3 10 12/8/77	125 00	20 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

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Moran, Harry N., 212 First St., Front Royal, Va.	Retired		4 250 11/30/77	\$ 3 125 00	\$ 250 00
Moreault, Rudolph Joseph, Box 908, Front Royal, Va.	Front Royal, Bldg. Insp. Warren County		7 100 9/27/77	1 250 00	200 00
Morris, James R., Rt. 4, Box 44, Front Royal, Va.	Front Royal, Bldg. & Excavating		7 100 10/10/77	1 250 00	200 00
Morrison, H. E., 4325 S. Royal Ave., Front Royal, Va.	Front Royal, Oil Dist., Rosen and Morrison		4 500 11/28/77	6 250 00	500 00
Moz, R. C. & Belva B., Box 1465, Front Royal, Va.	Front Royal, Self- employed		1 200 12/3/77	2 500 00	200 00
Munch, Ruby B., 1018 Stonewall Dr., Front Royal, Va.	Front Royal, Beautician	Wife of William T. Munch	8 90 11/28/77	1 125 00	180 00
Munch, William T., Jr., 1018 Stonewall Dr., Front Royal, Va.	Front Royal, Foreman	Husband of Ruby B. Munch	8 10 11/28/77	125 00	20 00
Munson, John T., Rt. 1, Bentonville, Virginia	Builder	Son-in-law of Francis Hall	6 100 10/31/77	1 250 00	200 00
Murphy, Ray J. & Nancy M., 37 Cloud Street, Front Royal, Va.	Front Royal, Ins. Staff Mgr., Rec. Teller	Brother of Wayne & William Murphy and Beatrice Oakes	1 10 12/4/77	125 00	20 00
Murphy, Wayne L., 486 Hamilton Circle, Front Royal, Va.	Front Royal, Service Station Operator	Brother of Ray & William Murphy and Beatrice Oakes	1 200 11/14/77	2 500 00	400 00
Murphy, William B. & Nadene J., 411 N. Royal Ave., Front Royal, Va.	Front Royal, Service Station Operator	Brother of Wayne Murphy	4 50 12/5/77	625 00	100 00
Myer, Douglas W., 520 Virginia Ave., #3, Front Royal, Va.	Front Royal, Attorney		7 100 10/14/77	1 250 00	200 00
Naylor, Helen C., Route 1, Box 259, Front Royal, Va.	Retired		4 50 12/12/77	625 00	200 00
Newell, Harry S., 117 N. Royal Ave., Front Royal, Va.	Retired		4 10 11/22/77	125 00	10 00
Nicewarner, April Marie, 309 Leach St., Front Royal, Va.	Student	Daughter of Thomas L. Nicewarner	8 10 11/30/77	125 00	10 00
Nicewarner, Martha Diane, 309 Leach St., Front Royal, Va.	Student	Daughter of Thomas L. Nicewarner	3 10 11/30/77	125 00	10 00
Nicewarner, Michael & Linda, 309 Leach St., Front Royal, Va.	Student	Son of Thomas L. Nicewarner	8 10 11/30/77	125 00	10 00
Nicewarner, Thomas L., Jr. & Annie M., 309 Leach Street, Front Royal, Va.	Nicewarner Catalog Sales		8 100 11/30/77	1 250 00	200 00
Nicewarner, Victoria, 309 Leach St., Front Royal, Va.	Teacher	Daughter of Thomas L. Nicewarner	8 10 11/30/77	125 00	10 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

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27. Nicholls, W. Allen, Box 1464, Front Royal, Va.	Building Contractor		1 100 11/14/77	\$ 1 250 00	\$ 200 00
28. Miles, Robert A., Box 368, Remington, Va.	Attorney		5 200 11/13/77	2 500 00	375 00
29. North, Robert E. & Jewel B., 210 Clymer Ave., Front Royal, Va.	Front Royal, Va.	Parents of Robert	9 40 12/7/77	500 00	40 00
30. North, Robert R., 210 Clymer Ave., Front Royal, Va.	Avtex	R. North			
	Warren County	Son of Robert E.	\$ 25 12/8/77	312 50	25 00
	Teacher	& Jewel North			
31. Novotny, Edward E. & Ellen M., Rt. 1, Box 632, Front Royal, Va.	Self-employed		1 100 11/22/77	1 250 00	200 00
32. Oakes, Ronald A. & Beatrice M., 800 W. 15th St., Front Royal, Va.	Self-employed	Sister of Ray, Wayne & William Murphy	1 200 11/17/77	2 500 00	200 00
33. Olinger, William N., Box 1282, Front Royal, Va.	Retired		4 100 12/5/77	1 250 00	500 00
34. Pack, J. David, Rt. 3, Box 402, Front Royal, Va.	Sprinkler Fitter		\$ 10 12/12/77	125 00	20 00
35. Partlowe, Giles M. & Charlotte, Rt. 1, Box 99, Bentonville, Va.			1 100 11/23/77	1 250 00	200 00
36. Partlow, Lloyd & Reba, Rt. 1, Box 100, Bentonville, Va.	alesman		1 100 11/23/77	1 250 00	200 00
37. Partlow, Ray & Alice T., Rt. 1, Box 106, Bentonville, Va.	laster		1 50 11/23/77	625 00	100 00
	Front Royal, Va.				
	A.B.C. Store				
38. Partridge, Wallace F. & Elizabeth B., Rt. 2, Box 3, Front Royal, Va.	Retired		6 200 12/8/77	2 500 00	400 00
39. Payne, John F. & Evelyn M., Box 1561, Front Royal, Va.	Electrical Wholesale & Retail		3 160 12/31/77	2 000 00	320 00
40. Pendleton, Clarence Jr. & Anna B., Rt. 613, Box 246, Front Royal, Va.	Carpenter		1 10 12/10/77	125 00	20 00
41. Perry, Dennis W., Rt. 4, Box 315, Winchester, Va.	Winchester, Va.		2 100 12/9/77	1 250 00	200 00
	Quarry Superintendent				
42. Perry, Ferman W., P. O. Box 439, Winchester, Va.	Winchester, Va.		2 250 12/12/77	3 125 00	500 00
	Perry Engineering Co., Inc.				
43. Perry, Maurice W., 316 S. Stewart St., Winchester, Va.	Winchester, Va.		2 500 11/30/77	6 250 00	1 000 00
	Stuart M. Perry, Inc.				
44. Phelps, Bernard Orman, 1019 Braxton Rd., Front Royal, Va.	Restaurant		4 100 10/27/77	1 250 00	200 00
45. Phipps, Donald D., 12 Gloucester Rd., Front Royal, Va.	Front Royal, Va.		4 100 12/5/77	1 250 00	200 00
	Owner - Ramseys				
46. Pingley, Elmer R., 405 Duncan Ave., Front Royal, Va.	Bread salesman		3 20 11/26/77	250 00	40 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

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Poe, Brenda D., Campbell, Kenneth G., Box 306, Front Royal, Va.	Student		4 50 11/21/77	\$ 625 00	\$ 100 00
Poe, George I. & Ruth Ann, Box 1541, Front Royal, Va.	Front Royal, Va. Building Contractor		7 1 000 11/11/77	12 500 00	2 000 00
Powell, Edward N., Inc., 1116 Summit St., Front Royal, Va.	Masonry		6 1 000 12/8/77	12 500 00	1 000 00
Powers, Elizabeth F. & George W., Box 179, Front Royal, Va.	Insurance Agent		50 1975-APP.	625 00	93.75
Previn, Frances Louise, P. O. Box 387, Front Royal, Va.	Front Royal, Va. Nurse - RMA		4 10 12/12/77	125 00	20 00
Printz, Kent P., Rt. 1, Box 1, Bentonville, Va.	Clerk		3 40 12/7/77	500 00	80 00
Prosise, LLOYD H., 4111 Addison Rd., Fairfax, Va.	Retired	Brother to Richard Prosise	3 20 10/26/77	250 00	40 00
Prosise, Richard L. R. & Virginia E., 2117 Chain Bridge Rd., Vienna, Va.	Bank Clerk	Brother to Lloyd Prosise	3 20 11/4/77	250 00	40 00
Pullen, Violet A., Rt. 2, Box 95, Strasburg, Va.	Science Technican Front Royal, Va.		7 25 11/21/77	312 50	50 00
Radomsky, Edward J. & Betty O., 106 W. 14th St., Front Royal, Va.	Avtex Fibers Cleaning		3 200 12/2/77	2 500 00	200 00
Ramey, Mike, 405 Warren Ave., Front Royal, Va.	American Finance		3 10 12/8/77	125 00	20 00
Ramey, Neil Clarence, Strasburg, Va.	Child		6 10 11/6/77	125 00	20 00
Ramey, T. J., Rt. 1, Box 296, Leesburg, Va.	Truck Owner & Contractor		5 500 11/28/77	6 250 00	500 00
Reed, Dennis C. & Ruth Ann, 8204 Frye Rd., Alexandria, Va.	Policeman	Daughter of S. & Ruth Langfitt, Parents of Kimberly & Donna Reed	1 80 11/30/77	1 000 00	80 00
Reed, Donna M. Reed, Ruth Ann Reed, 8204 Frye Rd., Alexandria, Va.	Minor	Daughter of Dennis & Ruth Ann Reed	1 10 11/30/77	125 00	10 00
Reed, Kimberly A., Ruth Ann Reed, 8204 Frye Rd., Alexandria, Va.	Minor	Daughter of Dennis & Ruth Ann Reed	1 10 11/30/77	125 00	10 00
Rees, Frank B. Jr., Markham, Va.	Front Royal, J. S. Cooley		4 50 12/5/77	625 00	50 00
Reeve, Roy, Box 218, Sperryville, Va.	Retired		3 200 11/11/77	2 500 00	400 00
Reid, Walter Scott, Jr., 326 N. Royal Ave., Front Royal, Va.	Front Royal, Va. Scott Reid Realty		7 200 11/4/77	2 500 00	400 00
Reil, Larry, 5550 Columbia Pike #840, Arlington, Va.	Engineering	Brother to Robert Neil	3 50 10/17/77	625 00	100 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

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7. Reil, Robert, 5550 Columbia Pike #271, Arlington, Va.	Engineer	Brother to Larry Reil	3 200 10/17/77	\$ 2 500 00	\$ 400 00
8. Kice, Phillip G., Rt. 3, Box 869, Front Royal, Va.	Sign painter		7 10 11/7/77	125 00	20 00
9. Richard, Robert C. & Ruby L., 2808 Broadview St., Winchester, Virginia	Winchester, Va. Richard Radiator Shop		2 100 12/1/77	1 250 00	250 00
10. Ridgeway, Alice Faye, Rt. 2, Box 36, Strasburg, Va.	Mother		7 100 9/29/77	1 250 00	200 00
11. Ritchell, Raymond F. & Frances M., 6690 N. Williamsburg Rd., Arlington, Va.	Retired		100 1973 App.	1 250 00	187.50
12. Ritter, William H., 10-A W. Main St., Front Royal, Va.	Front Royal, Va. Ritter Real Estate		4 200 10/17/77	2 500 00	400 00
13. Roberts, Jesse & John G., 6806 Derrell Ct., Alexandria, Va.	Meat Cutter Foreman		9 50 12/12/77	625 00	100 00
14. Robinson, Patricia M., 9176 Barrick St., Apt. 104, Fairfax, Va.	Executive secretary		2 200 10/26/77	2 500 00	400 00
15. Rodden, Robert S., Rt. 2, Box 657, Front Royal, Va.	Front Royal, Va. Animal keeper		3 100 11/11/77	1 250 00	120 00
16. Rogers, J. L., Rt. 3, Box 80-B, Winchester, Va.	General Contractor		2 100 12/12/77	1 250 00	200 00
17. Rogers, Maurice S., Route 2, Box 684, Winchester, Va.	Front Royal, Va. Self-employed		1 10 12/9/77	125 00	20 00
18. Romer, Manfred, Rt. 1, Box 35A1, Linden, Va.	Merchant		8 100 11/7/77	1 250 00	200 00
19. Rowland, Charles A., Box 1302, Front Royal, Va.	Mechanic		8 1 000 12/7/77	12 500 00	2 000 00
20. Kowland, Kenneth L., 435 Washington Ave., Front Royal, Va.	Parts Manager	Husband of Margaret Rowland	3 500 11/28/77	6 250 00	1 000 00
21. Rowland, Margaret G., 435 Washington Ave., Front Royal, Va.	Housewife	Wife of Kenneth Rowland	3 100 11/28/77	1 250 00	200 00
22. Royal Lumber Company, 515 Commerce Ave., Front Royal, Va.	Front Royal		960 1973 App.	12 000 00	12 000 00
23. Dolph, William H. & Betty J., Rt. 1, Box 199 B, Woodstock, Va.	Front Royal, Va. FMC		3 50 11/14/77	625 00	100 00
24. Rutherford, H. Lynwood & Marie F., P.O. Box 1092, Front Royal, Va.	Front Royal, Va. Rutherford Body Shop		3 40 12/6/77	500 00	80 00
25. Rutherford, Robert E., 502 Braxton Rd., Front Royal, Va.	Front Royal, Va. Real Estate Associate		8 100 10/12/77	1 250 00	200 00
26. Sager, Donald E. Jr., Box 48, Strasburg, Va.	Bookkeeper		7 50 11/22/77	625 00	625 00

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Sanders, H. K., 10560 Main St. #313, Fairfax, Va.	Lawyer		9 200 11/14/77	\$ 2 500 00	\$ 387 50
Santmire, R. L., 10102 Vale Rd., Vienna, Va.	Planner - Builder		50 1473 4/11	625 00	93 75
Schmoyer, Brian Douglas, Rt. 1, Box 502, Front Royal, Va.	Child	Son of Herbert & Diana Schmoyer	6 15 11/9/77	187 50	30 00
Schmoyer, David Arthur, Rt. 1, Box 502, Front Royal, Va.	Child	Son of Herbert & Diana Schmoyer	6 15 11/9/77	187 50	30 00
Schmoyer, Herbert R. & Diana, Rt. 1, Box 502, Front Royal, Va.	U. S. Navy	Parents of David & Brian Schmoyer	6 50 11/9/77	625 00	100 00
Sealock, Robert L, 1913 Anderson Rd., Falls Church, Va.	Contractor		4 56 12/2/77	700 00	100 00
Sealock, Mike & Bonnie, 231 Randolph Ave., Front Royal, Va.	Head Cashier		4 100 12/2/77	1 250 00	100 00
See, French A., 410 Courtfield Ave., Winchester, Va.	Secretary				
Seekford, David T., 515 Virginia Ave., Front Royal, Va.	Farmer		2 200 12/5/77	2 500 00	400 00
Sharp, Martha C., 114 Fairview Ave., Front Royal, Va.	Mill welder		3 100 12/8/77	1 250 00	200 00
Shaw, Blance D., Box 610, Front Royal, Va.	Retired		3 10 11/11/77	125 00	20 00
Shenk, A. Douglas & Alva H., 219 W. Main St., Berryville, Va.	Retired		4 50 11/25/77	625 00	100 00
Shenk, John F. L., 106 W. 18th St., Front Royal, Va.	Front Royal, Va.		4 10 12/10/77	125 00	20 00
Shenk, Fred D. & Mary Virginia, 518 N. Royal Ave., Front Royal, Va.	Shenk's Rusco				
Siegel, C.D.R. Kent Adelaide, 8508 Conover Pl., Alexandria, Va.	Installer and Farmer		4 40 12/5/77	500 00	80 00
Shiflett, Omar F. & Nora H., 923 S. Marshall St., Front Royal, Va.	Retired		4 50 12/5/77	625 00	100 00
Silek, Frank & Susanne, 306 Brown Ave., Front Royal, Va.	Electrician	Brother-in-law of Francis Hall	4 100 12/11/77	1 250 00	200 00
Silek, Michael Edward, Silek Abe, 725 Woodlawn Ave., Front Royal, Va.	U. S. Navy		6 80 12/12/77	1 000 00	160 00
Silek, Najla J., Silek, Michael E., 725 Woodlawn Ave., Front Royal, Va.	Front Royal, Va.		4 100 11/15/77	1 250 00	200 00
Simonpietri, A. J., 528 S. Royal Ave., Front Royal, Va.	Royal Quality Shop		4 200 11/14/77	2 500 00	400 00
Simpson, Joe, Rt. 2, Box W-19, Stephens City, Va.	Student	Son of Najla Silek	4 100 12/3/77	1 250 00	200 00
	Front Royal, Va.	Mother of Michael Silek	4 20 12/17/77	250 00	250 00
	Franks		3 100 10/31/77	1 250 00	200 00
	Gift Shop Owner				
	PGA Professional				

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

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8. Sloat, Charles C., 125 Washington Ave., Front Royal, Va.	Front Royal, Engineer		1 100	1 250 00	\$ 200 00
9. Smith, Aubrey M. & Mildred S., 126 Luray Avenue, Front Royal, Va.	Front Royal, Service Tire & Battery, Mgr.		4 25	312 50	50 00
10. Smith, George, Bentonville, Virginia	Retired		4 100	1 250 00	200 00
1. Smith, John W., Route 2, Box 894, Front Royal, Va.	Front Royal, Sales Rep.	Son of W. F. & Lottie Smith	1 50	625 00	100 00
2. Smith, Louise P., Bentonville, Virginia	Housewife		4 100	1 250 00	200 00
3. Smith, Richard J., Rt. 1, Box 822, Front Royal, Va.	Retired		8 1000	12 500 00	1 000 00
4. Smith, Virginia H., 307 Kerfoot Ave., Front Royal, Va.	Front Royal, Secretary		7 50	625 00	100 00
5. Smith, W. F. & Lottie N., 311 Grand Ave., Front Royal, Va.	Retired	Parents of John W. Smith	1 100	1 250 00	100 00
6. Smoot, Alex P. & Ruth, Rt. 1, Box 420, Front Royal, Va.	Front Royal, Dog Warden, Warren Co.		7 10	125 00	20 00
7. Smoot, James A., 311 Kerfoot Ave., Front Royal, Va.	Front Royal, Contract Painter		1 10	125 00	20 00
8. Smoot, Larry Allen, Rt. 2, Box 28, Edinburg, Va.	Salesman		3 25	312 50	50 00
9. Smoot, Walter A. & Jeanette, Rt. 1, Box 374, Front Royal, Va.	Front Royal, Service Station Operator		3 30	375 00	60 00
10. Snapp, Alfred Lee, III, Rt. 4, Box 459, Winchester, Va.	Student	Brother of Elizabeth E. & J. Michael	2 40	500 00	80 00
1. Snapp, Elizabeth Ellen, Rt. 4, Box 459, Winchester, Va.	Student	Sister of J. Michael & Alfred Lee, III	2 40	500 00	80 00
2. Snapp, J. Michael, Rt. 4, Box 459, Winchester, Va.	Student	Brother of Elizabeth E. & Alfred Lee, III	2 40	500 00	80 00
3. Gallard, David L., Box 590, Front Royal, Va.	Front Royal, Bar- tender		3 50	625 00	100 00
4. Stapf, Albert J. & Mary D., Rt. 3, Box 118, Front Royal, Va.	Front Royal, Self- employed		1 10	125 00	20 00
5. Steed, Douglas Wilson, 416 E. 19th St., Front Royal, Va.	Front Royal, Builder		7 100	1 250 00	200 00
6. Stevens, Bruce G. & Katherine B., Rt. 4, Box 385, Front Royal, Va.	Front Royal, Minister		4 10	125 00	20 00

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(Name of Applicant)

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7. Stewart, George W., 324 Fox Drive, Winchester, Va.	Winchester, Op. Super. Southern States Coop.		1 100 11/29/77	\$ 1 250 00	\$ 200 00
8. Stewart, William T., 935 S. Marshall St., Front Royal, Va.	Front Royal, Avtex		50 1973 APR	625 00	93 75
9. Stickley, Marvin S. & Helen J., Box 1585, Front Royal, Va.	Front Royal, Merchant Stickley's Stationery & Office Supply		4 100 11/7/77	1 250 00	200 00
10. Stokes, Andrew B., 533 E. Main St., Front Royal, Va.	Front Royal, Gen. Merchandise		4 200 11/9/77	2 500 00	250 00
11. Stoneburner, Charles P. & Sandra H., 124 Polk Avenue, Front Royal, Va.	Front Royal, Claims Adjuster	Son-in-law of Francis Hall	4 100 12/11/77	1 250 00	200 00
12. Stoneburner, Oliver H., Box 516, Front Royal, Va.	Front Royal, Ins. Agent Downing Ins. Co.	Uncle of Charles Stoneburner	4 100 11/28/77	1 250 00	200 00
13. Stratton, Betty H., 203 Jamestown Rd., Front Royal, Va.	Front Royal, Self- employed	Wife of W. Kirk Stratton	4 125 11/17/77	1 562 50	250 00
14. Stratton, W. Kirk, 203 Jamestown Rd., Front Royal, Va.	Front Royal, Self- employed	Husband of Betty H. Stratton.	4 125 11/17/77	1 562 50	250 00
15. Strecky, Stephen J. & Louise M., 731 Stonewall Dr., Front Royal, Va.	Front Royal, Elec- tronic Technician		3 250 12/4/77	3 125 00	500 00
16. Strickler, Thomas S., 1043 Northview Ave., Front Royal, Va.	Front Royal, Merchant Strickler's T.V.		7 200 11/21/77	2 500 00	300 00
17. Striker, William H., Jr., 126 Washington Ave., Front Royal, Va.	Retired		3 400 10/17/77	5 000 00	2 900 00
18. Summers, Lewis & Margaret, 1355 Edgemont Ave., Front Royal, Va.	Front Royal, Carpenter		1 10 11/14/77	125 00	20 00
19. Sweeney, Dr. W. J., 920 Shenandoah Ave., Front Royal, Va.	Front Royal, Dentist		3 100 11/17/77	1 250 00	200 00
20. Swing, J. Bruce, Rt. 4, Box 450, Winchester, Va.	Winchester, Orchardist		2 80 11/21/77	1 000 00	200 00
21. Tewalt, James A., 707 Stonewall Dr., Front Royal, Va.	Front Royal, Floor Covering		3 100 10/6/77	1 250 00	200 00
22. Tharpe, Floyd D. & Barbara Jean, 126 Clymer Ave., Front Royal, Va.	Student		4 10 11/30/77	125 00	100 00
23. Tharpe, Floyd D., Jr., 126 Clymer Ave., Front Royal, Va.	Student	Son of Floyd D. & Barbara Jean Tharpe	4 10 11/30/77	125 00	100 00
24. Thompson, Edward G., 137 Selma Dr., Winchester, Va.	Physician		2 200 12/8/77	2 500 00	400 00
25. Thompson, Latonja E., 200 Beeden Lane, Front Royal, Va.	Child		4 10 11/15/77	125 00	125 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

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56. Timbers, Janet C., 331 Kendrick Lane, Front Royal, Va.	Claims Rep. & S. S. Administration, Winc.	Daughter of Mary J. Timbers	4 100 12/7/77	\$ 1 250 00	\$ 200 00
57. Timbers, Mary J., 331 Kendrick Lane, Front Royal, Va.	Front Royal, Landlord	Mother of Janet C. & Vida V. Timbers	4 100 12/7/77	1 250 00	200 00
58. Timbers, Vida V., 331 Kendrick Lane, Front Royal, Va.	Front Royal, Teacher	Daughter of Mary J. Timbers	4 100 12/7/77	1 250 00	200 00
59. Touhey, Matthew David, 501 Frederick Ave., Front Royal, Va.	Minor	Grandson of Thelma Touhey	1 15 12/3/77	187 50	15 00
60. Touhey, Thelma S., 412 Bel Air Ave., Front Royal, Va.	Front Royal, Avtex	Grandmother of Matthew D. Touhey	1 10 12/9/77	125 00	20 00
61. Traister, Robert J., Jr., 530 Frederick Ave., Front Royal, Va.	Student	Step-son of Ronald S. Gilliam	4 200 11/28/77	2 500 00	500 00
62. Trumbull, David J. & Shirley A., 512 Washington Ave., Front Royal, Va.	Front Royal - Ins. Agent, Trumbull Ins. Agency		4 10 12/8/77	125 00	10 00
63. Turner, C. Warren, 106 Chester St., Front Royal, Va.	Front Royal, Funeral Director		9 25 12/8/77	312 50	25 00
64. Turner, Keith & Charlyn, Box BB 99, Rt. 1, Bentonville, Va.			4 10 12/7/77	125 00	20 00
65. Ubben, William E., S. Royal Ave., Pine St., Front Royal, Va.	Front Royal, Rest. Owner, Do-Nut Dinnette		4 40 12/8/77	500 00	40 00
66. Vaughan, Donald W. & Frances A., Box 1123, Front Royal, Va.	Front Royal, Realtor, Donald Vaughan Realty		7 100 11/11/77	1 250 00	200 00
67. Vaught, Fred A., Box 1594, Front Royal, Va.	Front Royal, Excavating Manager	Son of Stuart Vaught	4 200 11/9/77	2 500 00	200 00
68. Vaught, Haywood, Happy Creek Rd., Front Royal, Va.	Front Royal, Owner, Eastside Market	Brother of Stuart Vaught	3 100 11/11/77	1 250 00	200 00
69. Vaught, Stuart, Box 1594, Front Royal, Va.	Front Royal, Rappawan Lumber Co.	Father of Fred A. & Stuart Ritchie Vaught	4 100 12/5/77	1 250 00	100 00
70. Vaught, Stuart Ritchie, Arco Star Rt., Front Royal, Va.	Operator, Front Royal	Son of Stuart Vaught	4 50 12/5/77	625 00	125 00
71. Veasey, Sidney H., 1115 Summit Street, Front Royal, Va.	Front Royal, Rest. Owner		100 1973 APP	1 250 00	187 50
72. Vest, Norman Grady, Huntly, Virginia	Truck Driver		3 100 11/12/77	1 250 00	200 00
73. Wagoner, Leonard, 317 Front St., Front Royal, Va.	Front Royal, Plumber		100 1973 APP	1 250 00	187 50

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
74. Wall, Phyllis & David E., Rt. 2, Box 748 E, Front Royal, Va.	Retired		3 200 10/26/77	\$ 2 500 00	\$ 400 00
75. Walton, Robert, 411 Virginia Ave., Front Royal, Va.	Front Royal, Avtex		40 1973 APP	500 00	75 00
76. Welch, Carroll L., Rt. 2, Box 728, Front Royal, Va.	man, Arlington		4 100 11/26/77	1 250 00	200 00
77. Welsh, Jerry W., 815 W. 13th St., Front Royal, Va.	Truck Driver		1 25 11/25/77	312 50	50 00
78. Wertz, John R., 115 E. 4th St., Front Royal, Va.	Front Royal, News- paper Distributor		3 200 10/7/77	2 500 00	400 00
79. Whitacre, David S., Box 86 A, Cross Junction, Va.	Winchester Attorney		2 20 12/12/77	250 00	40 00
80. Whitacre, Mrs. Susan B., Box 85 A, Cross Junction, Va.	Pharmacist, Housewife Winchester	Daughter of Gladys B. & Henry M. Brumback	2 10 10/10/77	125 00	25 00
81. Whitacre, Mrs. Winifred D., 307 Beechcraft Rd., Winchester, Va.	Dental Secretary, Receptionist, Winchester		3 100 11/11/77	1 250 00	200 00
82. White, Floyd E., 504 Happy Creek Rd., Front Royal, Va.	Retired		4 30 11/27/77	375 00	60 00
83. White, Vickie L., P. O. Box 111, Front Royal, Va.			4 4 12/13/77	50 00	50 00
84. Whittle, Robert L., Box 550, Front Royal, Va.	Front Royal, Motel Operator		1 50 1973 APP	625 00	93 75
85. Wilkinson, William J. & Helen A., Rt. 522, By-Pass, Front Royal, Va.	Front Royal, Pres. Quality Inn		4 16 11/30/77	200 00	200 00
86. William, Hollis M., 910 Virginia Ave., Front Royal, Va.	USN (Ret.)		8 50 10/31/77	625 00	100 00
87. Williams, Arnold M., Rt. 2, Box 496, Front Royal, Va.	Front Royal, Asst. County Administrator, Warren County	Son of Mary L. & Thomas M. Williams	7 1000 10/22/77	12 500 00	2 500 00
88. Williams, Mrs. Colleen G., 710 River Dr., Front Royal, Va.	Incentive Piece Worker, Front Royal	Wife of Roy O. Williams	4 50 12/8/77	625 00	125 00
89. Williams, Donald G., 124 Clymer Ave., Front Royal, Va.	Front Royal, Asst. Service Manager		4 20 11/18/77	250 00	40 00
90. Williams, Mary L. & Thomas M., 310 Cable Place, Front Royal, Va.	Antique Dealer, Front Royal	Parents of Arnold M. Williams	7 100 11/30/77	1 250 00	200 00
91. Williams, Michael W., 710 River Dr., Front Royal, Va.	Front Royal, Clerk	Son of Roy O. & Colleen Williams	4 25 12/7/77	312 50	62 50
92. Williams, Miller, Jr., 545 E. Main St., Front Royal, Va.	Front Royal, Williams Auto Rep. & Paint Shop		3 100 12/7/77	1 250 00	200 00
93. Williams, Roy O., 710 River Dr., Front Royal, Va.	Front Royal, A & P Clerk	Husband of Colleen Williams	4 50 12/7/77	625 00	125 00
94. Williams, S. Maynard, 433 W. 13th St., Front Royal, Va.	Front Royal, Builder		7 200 10/3/77	2 500 00	400 00
95. Williamson, H. Grayson, Box 1596, Front Royal, Va.	Front Royal, Drywall Hanger		3 25 12/8/77	312 50	50 00

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
96. Willingham, Dennis E. & Carolyn J., Sr., Rt. 1, Box 64, Front Royal, Va.	Front Royal, Mechanic, Waitress		3 10 12/6/77	\$ 125 00	\$ 20 00
97. Wilson, Dorothy R., 10606 Center St., Fairfax, Va.		Wife of Walter A. Wilson, Jr.	5 100 12/77	1 250 00	125 00
98. Wilson, Samuel W. & Leah K., Rt. 2, Box 150B, Fredericks- burg, Va.	15 employed	Son of Walter A., Jr. & Dorothy R. Wilson	5 100 12/77	1 250 00	125 00
99. Wilson, Walter A., Jr., 10606 Center St., Fairfax, Va.		Husband of Dorothy R. Wilson	5 100 12/77	1 250 00	125 00
100. Wilson, Walter A., III, 10606 Center St., Fairfax, Va.		Son of Walter A., Jr. & Dorothy R. Wilson	5 100 12/77	1 250 00	125 00
101. Wimer, George T., Sr., 716 Villa Avenue, Front Royal, Va.	Front Royal, Merchant		4 50 12/6/77	625 00	100 00
102. Windle, Buck, 739 Bass Avenue, Front Royal, Va.	Front Royal, Horse Trainer		3 150 11/14/77	1 875 00	300 00
103. Wines, Albert S. & Ruby P., Rt. 1, Box 56, Front Royal, Va.	Front Royal, Bldg. Contractor		4 250 11/21/77	3 125 00	500 00
104. Wines, Claude R., 727 Rodney Ave., Front Royal, Va.	Front Royal, Riverton Lime and Stone	Father of David Wines	8 20 12/7/77	250 00	10 00
105. Wines, David L., 211 Jamestown Road, Front Royal, Va.	Front Royal, Tax Accountant	Father of D. Chad and D. Chris Wines	8 2000 12/13/77	25 000 00	2 000 00
106. Wines, Dee Chris, 211 Jamestown Road, Front Royal, Va.	Student	Son of David Wines	8 50 12/14/77	625 00	45 00
107. Wines, Doyle Chad, 211 Jamestown Rd., Front Royal, Va.	Student	Son of David Wines	8 50 12/17/77	625 00	45 00
108. Wines, Phillip E., 30 E. Jackson St., Front Royal, Va.	Front Royal, Dentist		500 1973 HFP	6 250 00	500 00
109. Wines, Rae B. & Bruce S., Rt. 4, Box 559, Front Royal, Va.	Front Royal, Teller & Electrician		1 10 12/12/77	125 00	20 00
110. Winter, Bryan E., Rt. 1, Box 559, Front Royal, Va.	Student	Son of Ray E. & Joann Winter	1 100 12/3/77	1 250 00	100 00
111. Winter, Ray E. & Joann, Rt. 1, Box 559, Front Royal, Va.	Front Royal, Electri- cal Cont. & housewife	Parents of Bryan E. Winter	1 200 12/3/77	2 500 00	200 00
112. Wood, Charles B. & Mary Ann, Box BB 94, Rt. 1, Bentonville, Va.	Front Royal, Constance Springs Inn		4 50 12/7/77	625 00	100 00
113. Wood, William N & June L., 439 Washington Ave., Front Royal, Va.	Front Royal, Factory Dept. Super.		3 100 12/16/77	1 250 00	200 00
114. Wright, Kyle E., 125 W. 4th St., Front Royal, Va.	Front Royal, Avtex		7 8 12/2/77	100 00	100 00
115. Wright, Margaret C., 738 Stonewall Dr., Front Royal, Va.	Front Royal, Mgr. Weavers Shoe Dept.		7 100 11/19/77	1 250 00	200 00
116. York, Charles, 216 Grand Avenue, Front Royal, Va.	Retired	Father of Charles York, Jr	100 1973 APP	1 250 00	187 50
117. York, Charles, 216 Grand Avenue, Front Royal, Va.	Front Royal, Teacher	Son of Charles York	10 1973 APP	125 00	125 00
Totals carried forward			87,122	\$1,089,025.00	\$151 623 25

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
Totals Carried Forward			87,122	\$1 089 025 00	\$151 623 25
8. Norris, John F. & Maxine L., 304 Dover Rd., Warrenton, Va.			25 11/73 RFD	312 50	62 50
9. Cullers & Cullers, Ltd., P. O. Box 2123, Winchester, Va.	Winchester, Va.		9 10	125 00	125 00
10. Nesselrodt, Donald E., Box 204, Boyce, Va.	Boyce, Va.		4 50 12/10/77	625 00	100 00
11. Deavers, Donnie A., Rt. 1, Box 150, Bentonville, Va.	Front Royal Police Dept.		7 25 12/14/77	312 50	12 50
12. Lloyd, Russell B., P. O. Box 173, Boyce, Va.	Boyce, Va.		8 50 12/15/77	625 00	125 00
13. Willard, Roger L., Rt. 1, Stanley, Va.	U. S. Postal Service Highway Dept.		3 20 12/15/77	250 00	40 00
14. Beaty, Crystal L., Box 13-B, Mt. Falls Rt., Winchester, Va.	Factory Employee	Daughter of Marvin Beaty	3 20 12/15/77	250 00	40 00
15. Shofner, William O. and Beatrice M., 6601 Independence Ave., Springfield, Va. 22151	Retired		1 500 12/14/77	6 250 00	1 000 00
16. Largent, Shane Parish, 1122 Summit St., Front Royal, Va.	Child		6 10 12/15/77	125 00	20 00
17. Biggs, Robert M. and Mercedita, Box 89, R-MA, Front Royal, Va.	Teacher Front Royal, Va.		6 10 12/14/77	125 00	20 00
18. Perry, Garland E., Box 75, Rt. 3, Winchester, Va.	Winchester, Va.		2 2,500 12/77	31 250 00	5 000 00
19. Fletcher, William S., 530 Wentworth Dr., Winchester, Va.	Minor	Son of William D. Fletcher	1 10 12/21/77	125 00	20 00
20. Fletcher, Stacia R., 530 Wentworth Dr., Winchester, Va.	Minor	Daughter of William D. Fletcher	1 10 12/21/77	125 00	20 00
21. Fletcher, William D., 530 Wentworth Dr., Winchester, Va.	U S Air Force		1 10 12/21/77	125 00	20 00
22. Rose, Glenn T., RFD #1, Box 50, Bentonville, Va.	Public School Teacher Front Royal, Va.		7 200 12/27/77	2 500 00	400 00
23. Hottle, Gary I., Rt. 1, Box 989, Front Royal, Va.	Teacher Front Royal, Va.	Son of Irving L. Hottle	7 200 12/24/77	2 500 00	400 00
24. Hottle, Irving L., RFD 2, Box 175, Strasburg, Va.	Printer, Strasburg, Va.	Father of Gary I. Hottle	7 200 12/27/77	2 500 00	400 00
12/31/77 Totals to Date (Carried Forward)			90,972	\$1 137 150 00	\$159 428 25

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
Totals Carried Forward			90,972	\$1 137 150 00	\$159 428 25
5. Nuelsen, John L., P. O. Box 1603, Front Royal, Va.	Retired		8 100 1/4/78	1 250 00	200 00
6. Partlowe, Clarence S., 3 Richmond Dr., Front Royal, Va.	Retired		1 50 1/6/78	625 00	100 00
7. Smith, Alson H., III, 1107 Fox Dr., Winchester, Va.	Child	Brother of David M. Smith	8 50 12/16/77	625 00	62 50
8. Smith, David M., 1107 Fox Dr., Winchester, Va.	Child	Brother of Alson H. Smith, III	8 50 12/16/77	625 00	62 50
9. Racey, Homer B., Rt. 1, Box 37, Winchester, Va.	Postal Service		8 100 1/4/77	1 250 00	200 00
10. Yeakle, Frank M., III and Joyce W. Yeakle, Rt. 3, Box 670, Strasburg, Va.	Teacher and Dental Assistant	Mother & Stepfather of Neal Ramey	6 400 12/25/77	5 000 00	800 00
11. McKinney, Eleanor H., Rt. 3, Box 174, Winchester, Va.		Cousin of Louise Brim	2 80 1/16/78	1 000 00	160 00
12. Brim, Louise S., Rt. 3, Box 174, Winchester, Va.	Housewife	Cousin of Eleanor H. McKinney	2 120 1/16/78	1 500 00	240 00
3. Linger, Louis Wade, Jr., 318 Amherst Dr., Front Royal, Va.	U S Air Force		6 20 1/3/78	250 00	40 00
4. Irvin, George R., Jr., P. O. Box 276, Edinburg, Va.	Self Employed		5 100 1/78	1 250 00	125 00
5. Yetman, Janice M., 111 Kendrick Lane, Front Royal, Va.	Professional Services		8 100 1/25/78	1 250 00	200 00
13. Cornwell, Marcella L., Cornwell, Cecil M., Rt. 4, Box 615, Front Royal, Va.	Avtex Machinest		7 200 1/27/78	2 500 00	400 00
			92,342	\$1 154 275 00	\$162 018 25

FRONT ROYAL SAVINGS AND LOAN ASSOCIATION
(Name of Applicant)

Name and Address of Subscriber	Place of Employment or Business	Relationship to Other Subscribers	Number of Shares Subscribed	Total Amount of Subscription	Amount Paid
balances from previous list			92,342	\$1 154 275 00	\$162 018 25
Corrections to original data:					
6. Gilliam, Margaret E.			(3,005)	(37 562 50)	(7 000 00)
8. Gilliam, Ronald S.			- -	- -	7 000 00
Corrected balances			89,337	\$1 116 712 50	\$162 018 25
Additions to original list:					
1. Cavotta, Sam A., Jr., Box 23, RFD #1, Star Tannery, Va 22654	Architect, Self-employed		4 10 1/30/78	125 00	20 00
2. Layman, Conway L., 701 Stockton Road, Front Royal, Va.	School Teacher, Warren County		4 200 2/2/78	2 500 00	400 00
3. Calhoun, Charles D., Box 26, Riverton, Va.	Avtex		3 200 2/4/78	2 500 00	400 00
4. Calhoun, Margaret L., Box 26, Riverton, Va., 22651	Avtex		3 200 2/4/78	2 500 00	400 00
5. Oliver, Raymond E. and Michael Toll, 8002 Colebrook Road, Richmond, Va. 23227			8 50 1/31/78	625 00	100 00
6. Oliver, Raymond E. and Kristen Lee, 8002 Colebrook Road, Richmond, Va., 23227			8 50 1/31/78	625 00	100 00
7. Brim, Louise S., Rt. 3, Box 174, Winchester, Va. 22601	Housewife		2 180 2/20/78	2 250 00	360 00
8. Miller, Doris D., Rt. 4, Box 219, Front Royal, Va. 22630	County Treasurer		7 10 2/22/78	125 00	20 00
9. Cates, Judith and Brawner, 2167 Garber Rd., Winchester, Va.	Pharmaceutical Representative		2 124 3/15/78	1 550 00	248 00
10. Madigan, Harold, Jr., Valley Ave., Winchester, Va. 22601	Pharmacist, Owner Gaunt's Drug Store		2 200 3/78	2 500 00	400 00
11. West, Mildred C., Marshall, Va. 22115	Missionary Traveler		4 10 4/5/78	125 00	100 00
12. MAGLE FRANK P., 27th St. Box 289 Front Royal Va 22630			90,571	\$1 132 137 50	\$164 566 25
			8 100 1/25/78	1,250.00	200

Name & Address
of subscriber

(Name of Applicant)
(Subscriber Deleted)
Place of Employment
or business Relationship To
other Subscribers

No of
shares
Subscribed

Total Amount
of Subscription

Assess
Price

2/26/77 Asa Burke 831 W. 13th Street Front Royal, Va.

2/26/77 Marie Burke 831 W. 13th Street Front Royal, Va.

W.M. H. Ritter 10.4 W. Main & Front Royal, Va.

Wallace F & Elizabeth Partridge, Rt. #2 Box 3
Front, Royal, VA.

Charles York 216 Grand Ave Front Royal, Va.

100

100

200

200

100

1250.00

1250.00

2500.00

2500.00

1250.00

\$ 200

200

400

400.

187

CASE NO. 200/3
EXHIBIT NO. R89-18

Page 1

DEC 23 1978

(Name of Applicant)

Balliff

Name and Address of Subscriber	Number Of Shares	Total Amount Subscribed	Cash Paid In
W. E. Wright, 125 W. 4th St., Front Royal, Va. *	8 -	100.00 -	100.00
Alvin P. Smith, 105 N. Buckmarsh St., Berryville, Va. *	20	250.00 -	250.00
Mary F. Lyon, 324 Amherst Drive, Front Royal, Va. *	80	1,000.00 -	1,000.00
Richard M. Brooke, 301 Salem Ave., Front Royal, Va. *	4 -	50.00 -	50.00
Mary F. Blanton, Dungadin Subd., Front Royal, Va. *	4 -	50.00 -	50.00
Georgia S. Brooke, 301 Salem Ave., Front Royal, Va. *	4 -	50.00 -	50.00
Frank H. Chandler, Browntown Road, Front Royal, Va. *	100 - 8 -	100.00 -	100.00
Richard J. Green, Route 2, Front Royal, Va. *12/12/77	8 -	100.00 -	100.00
Jackie L. White, Route 2, Front Royal, Va. *12/13/77	4 -	50.00 -	50.00
Auline H. Stokes, Hilltop, Front Royal, Va. *	24	300.00 -	300.00
H. M. Olinger, John Marshall Hwy., Front Royal, Va. *	40	500.00 -	500.00
Henry V. deLongfief, Rt. 3, Box 155, Front Royal, Va. *	20	250.00 -	250.00
Blottie V. deLongfief, Rt. 3, Box 155, Front Royal, Va. *	20	250.00 -	250.00
Chris M. Cloud, 720 Stockton Rd., Front Royal, Va. *	8 -	100.00 -	100.00
Ladys C. Hill, 320 Miller Street, Winchester, Va. *	20	250.00 -	250.00
John F. Swell, Happy Creek Rd., Front Royal, Va. *	25 - 3 -	100.00 -	100.00
Marion Artz, Woodstock, Va. *	40	500.00 -	500.00
W. & P. L. Lawrence, 708 Commerce Ave., Front Royal, Va. *	80	1,000.00 -	1,000.00
James R. & Carol Kenny, 311 Duncan Ave., Front Royal, Va. *	16	200.00 -	200.00
Robert L. & Mary E. Williams, RFD #1, Box 790, Manassas, Va. *	4 -	50.00 -	50.00
Marra B. & Mary E. Williams, RFD #1, Box 790, Manassas, Va. *	4 -	50.00 -	50.00
John K. Harlow, 122 Virginia Ave., Front Royal, Va. *	16	200.00 -	200.00
Douglas C. Leckie, 201 Jamestown Rd., Front Royal, Va. *	8 -	100.00 -	100.00
Bessie F. & Floyd J. Brown, 105 Washington Ave., Front Royal, Va. *	4 -	50.00 -	50.00
Paul D. Kelly, 422 Randolph Ave., Front Royal, Va. *11/1/77	20 - 3 -	100.00 -	100.00
Barbara J. Thabpe, 126 Clymer Ave., Front Royal, Va. *11/30/77	10 - 3 -	100.00 -	100.00
Lloyd David Tharpe, Jr., 126 Clymer Ave., Front Royal, Va. *11/30/77	10 - 3 -	100.00 -	100.00
J. Simonpietri, 528 S. Royal Ave., Front Royal, Va. *12/17/77	20	250.00 -	250.00
Alter M. & Mary A. Duncan, 528 S. Marshall St., Front Royal, Va. *	3 -	100.00 -	100.00
Barbara W. & Aubrey L. Lillard, 11126 Fairhaven Ct., Fairfax, Va. *	12 -	150.00 -	150.00
Barbara Lillard, 11126 Fairhaven Ct., Fairfax, Va. *	4 -	50.00 -	50.00
Bergie A. Miller, 106 Abington Dr., Alexandria, Va. *11/25/77	12 -	150.00 -	150.00
Mary F. Long, P. O. Box 1395, Front Royal, Va. *	12 -	150.00 -	150.00
Kevin B. or Stella Stokes, Rt. 615, Front Royal, Va. *	40	500.00 -	500.00
S. S. Cooley, Rt. 522, Front Royal, Va. *11/17/77	200 - 32 -	400.00 -	400.00
Lifton M. Miller, Jr., Middleburg, Va. *11/30/77	100 - 40 -	500.00 -	500.00
Michael E. Silek, 725 Woodlawn Ave., Front Royal, Va. *11/29/77	200 - 4 -	50.00 -	50.00
Carl A. & Merle W. Langford, P. O. Box 903, Front Royal, Va. *	150	2,000.00 -	2,000.00
Edward A. Duncan, 7 N. Royal Ave., Front Royal, Va. *	100	1,250.00 -	500.00
Raymond Guest, Jr., Rockland, Va. *	40	500.00 -	500.00
Charles C. Ryan, P. O. Box 307, Front Royal, Va. *	100	1,250.00 -	500.00
William Z. Bowie, Rt. 1, Box 1508, Front Royal, Va. *	25	312.50 -	50.00
Lora B. & Douglas E. Hill, 19 Washington Ave., Front Royal, Va. *12/12/77	40 - 10 -	500.00 -	500.00
William M. Merchant, 440 Manassas Ave., Front Royal, Va. *	16	200.00 -	200.00
Elisle C. & Thelma Daugherty, 531 Manassas Ave., Front Royal, Va. *	16	200.00 -	200.00
Arnold M. Williams, 352 Blue Ridge Ave., Front Royal, Va. *12/21/77	50	625.00 -	500.00
Conkeith Kirtley, 509 Williams St., Front Royal, Va. *	50	625.00 -	500.00
Harvin Stickley, 327 Jamestown Rd., Front Royal, Va. *11/14/77	100 - 8 -	100.00 -	100.00
W. Gilliam, 10560 Main Street, Fairfax, Va. *	500	6,250.00 -	1,000.00
Samuel Maggaly, Browntown, Va. *	100 - 50 -	625.00 -	500.00

Louis Sealock, P. O. Box 403, Front Royal, Va.	4	50.00	50.00
Charles Martin, 119 Shenandoah Ave., Front Royal, Va. 11/14/77 300	20	250.00	250.00
Robert H. & Louise E. Clark, Upperville, Va.	10	500.00	500.00
William Ritter, P. O. Box 111, Front Royal, Va. 10/17/77 200	100	1,250.00	137.50
Bernard Stokes, 506 E. Main St., Front Royal, Va.	200	2,500.00	250.00
Lewis or Lottie J. Kott, 305 Russellcroft Rd., Winchester, Va.	40	500.00	75.00
W. D. Mohon, 106 E. 7th St., Front Royal, Va.	75	937.50	937.50
Melvin J. Paugher, 733 W. 11th St., Front Royal, Va.	10	125.00	13.75
Roderick R. Gilliam, 103 Scott St., Front Royal, Va.	20	250.00	250.00
Carlton C. Gilliam, 103 Scott St., Front Royal, Va. 11/21/77 200	20	250.00	250.00
Sheldon S. Gilliam, 103 Scott St., Front Royal, Va. 11/14/77 200	20	250.00	250.00
Frank H. & Bettie G. Krumbach, Box 474, Rt. 4, Winchester, Va. 12/12/77 3750	200	2,500.00	1,000.00
James H. Douglas, Rt. 4, Box 475, Winchester, Va. 10/17/77 200	100	1,250.00	137.50
James E. Knapp, 2313 Powell Dr., Woodbridge, Va.	30	1,000.00	150.00
James E. Knapp, 2313 Powell Dr., Woodbridge, Va.	20	250.00	37.50
John Weldon, AFD 2, King George, Virginia	100	1,250.00	137.50
Jack L. & Estelle J. Cline, 3317 Claremont Lane, Woodbridge, Va.	100	1,250.00	137.50
WEST CHRYSLER-PLYMOUTH, INC., 27 S. Royal Ave., Front Royal, Va.	300	17,000.00	17,000.00
Martin A. Blazevich, 802 Maple Ave., Sterling, Va. 22170	30	1,000.00	150.00
Marshall Martin, 82 Elden St., Herndon, Va. 22070	200	2,500.00	375.00
Robert Movis, III, 10560 Main St., Fairfax, Va.	50	625.00	93.75
P. Bruce Bach, 10560 Main St., Fairfax, Va.	100	1,250.00	137.50
E. Kendal Sanders, 10560 Main St., Fairfax, Va. 11/14/77 200	100	1,250.00	137.50
George B. Shorter, 15400 Braddock Rd., Centreville, Va.	50	625.00	93.75
Fred W. & Irene K. Bach, 2336 N. Quantico St., Arlington, Va. 11/14/77	100	1,250.00	137.50
Wesley R. & Norma F. George, 6117 L. Hogan St., Alexandria, Va.	100	1,250.00	137.50
Thomas M. & Mary L. Williams, 310 Cable Place, Front Royal, Va. 11/14/77	100	100.00	100.00
P. E. Harrington, 10560 Main St., Suite 211, Fairfax, Va.	50	625.00	93.75
C. L. Athey, 326 Duncan Ave., Front Royal, Va.	100	1,250.00	137.50
Wiley F. Russell, 2304 Wilson Blvd., Arlington, Va.	200	2,500.00	375.00
Charlotte Murphey, P. O. Box 338, Front Royal, Va.	100	1,250.00	137.50
Raymond F. & Frances M. Mitchel, 6690 N. Williamsburg Rd., Front Royal, Va. 22213	100	1,250.00	137.50
William Murphy, P. O. Box 338, Front Royal, Va. 12/5/77 50	100	1,250.00	500.00
Al. L. Santmire, 10102 Vale Rd., Vienna, Va.	50	625.00	93.75
Philip F. Easter, 301 N. Royal Ave., Front Royal, Va.	16	200.00	200.00
John G. Easter, 301 N. Royal Ave., Front Royal, Va.	16	200.00	200.00
Philip H. Easter, 301 N. Royal Ave., Front Royal, Va.	8	100.00	100.00
Bessie C. Easter, 301 N. Royal Ave., Front Royal, Va.	16	200.00	200.00
George Carey, Box 1560, Front Royal, Va.	50	625.00	200.00
Margaret E. Gilliam, 509 Warren Ave., Front Royal, Va. 11/14/77 4005	615	3,062.50	1,250.00
Royal Lumber Co., 515 Commerce Ave., Front Royal, Va. 11/14/77 400	30	1,000.00	1,000.00
Sara S. Gilliam, 103 Scott St., Front Royal, Va. 11/21/77 200	20	250.00	250.00
David L. Wines, 211 Jamestown Rd., Front Royal, Va. 11/12/77 2000	100	1,250.00	500.00
T. R. Patterson, Rt. 340 North, Front Royal, Va.	40	500.00	500.00
Richard & Margaret Boies, Rt. 2, Front Royal, Va. 10/12/77	100	1,250.00	137.50
Rappawan Lumber Co., Inc., B. O. Box 1594, Front Royal, Va.	16	200.00	100.00
Fred Vaught, 110 Charles St., Front Royal, Va. 11/9/77 200	100	1,250.00	200.00
Philip E. Wine, 30 East Jackson St., Front Royal, Va.	500	6,250.00	500.00
Rufus W. Wall, Box 1233, Front Royal, Va.	100	1,250.00	137.50
Oliver B. Harper, Rt. 3, Box A-120, Front Royal, Va.	100	1,250.00	137.50
Malcolm S. Jones, 10516 Norman Ave., Fairfax, Va.	200	2,500.00	75.00
Leonard Wagoner, 317 Front Street, Front Royal, Va. 11/12/77	100	1,250.00	137.50
Mary L. & Thomas M. Williams, 310 Cable Place, Front Royal, Va. 11/12/77	100	100.00	100.00
William J. Gilliam, Clifton, Virginia 12/13/77 3750	2,000	25,000.00	3,750.00
Sandra G. Gilliam, Clifton, Virginia	2,000	25,000.00	3,750.00
Lela G. Faller, R-R-2 Box 75A, Warrenton, Virginia	100	1,250.00	137.50
Robert Walton, 411 Virginia Ave., Front Royal, Va.	40	500.00	75.00
James Fox, Jr., John Marshall Hwy., Front Royal, Va. 10/7	100	1,250.00	137.50

Erwin L. French, Rt. #1, Woodstock, Virginia	100	1,250.00	137.50
William J. Wilkinson, T/A Park Entrance Motor Court, Front Royal Virginia 11/30/77 12	(50)	1,000.00	150.00
Lawrence Leonard, Jr., 2350 Fox Hill Road, Culpeper, Va.	100	1,250.00	137.50
Hunter B. Chapman, 2350 Fox Hill Road, Culpeper, Va.	50	625.00	93.75
Robert A. Miles, Box 363, Remington, Virginia	200	2,500.00	375.00
Caroline E. Gilliam, 103 Scott St., Front Royal, Virginia	2,000	25,000.00	3,750.00
Ronald S. Gilliam, 103 Scott St., Front Royal, Virginia 10/24/77	2,000	25,000.00	3,750.00
BENNETT W. Whitten, 132 Sherwood Avenue, Front Royal, Va.	50	625.00	93.75
Emma Janelle Whitten, 132 Sherwood Ave., Front Royal, Va.	50	625.00	93.75
Charles York, 216 Grand Ave., Front Royal, Virginia	100	1,250.00	137.50
Charles York, Jr., 216 Grand Ave., Front Royal, Virginia	10	125.00	12.50
Francis Hall, 124 Polk Ave., Front Royal, Virginia	500	6,250.00	937.50
Robert L. Whittle, P. O. Box 550, Front Royal, Virginia	50	625.00	93.75
Sidney E. Veasey, 1115 Summit St., Front Royal, Va.	100	1,250.00	137.50
Aubrey Stokes, 113 East Main St., Front Royal, Va.	100	1,250.00	137.50
Ervin Clem, Box 1154, Front Royal, Virginia 12/5/77 200	(100)	1,250.00	137.50
Clifton Good, Box 1445, Front Royal, Virginia	100	1,250.00	137.50
Fred Hale, P. O. Box 1428, Front Royal, Virginia	100	1,250.00	137.50
Hubert H. Marlow, Jr., 10 West Main St., Front Royal, Va.	200	2,500.00	375.00
TOTAL	18241	228,012.50	65,700.75

<u>Names & Addresses</u>	<u>No. of Shares</u>	<u>Total Amount Subscribed</u>	<u>Cash Paid-In</u>
Totals carried forward	18,241	\$228,012.50	\$65,768.75
John Flynn, Jr., Boyce, Va.	20	250.00	37.50
Larry Leon LeHew, Front Royal, Va.	200	2,500.00	375.00
Howard Gilliam, Sr., Phenix, Va.	80	1,000.00	150.00
James T. Luttrell, Sterling Park, Va.	100	1,250.00	187.00
William T. Stewart, Front Royal, Va.	50	625.00	93.75
✓ Samuel E. Holt, Jr., Luray, Va.	50	625.00	93.75
✓ Stephen Michalek, Luray, Va.	100	1,250.00	187.50
John G. Holloran, Jr., Warrenton, Va.	200	2,500.00	375.00
Elizabeth F. & George W. Powers, Front Royal, Va.	<u>50</u>	<u>625.00</u>	<u>93.75</u>
	19,091	\$238,637.50	\$67,362.00

States of America or any agency thereof or of the Commonwealth of Virginia or any of its political subdivisions; make loans secured by first liens on improved real estate or unimproved real estate; participate in loans; purchase and sell loans and participations in loans; act as trustee or custodian of individual retirement accounts under the Federal Employee Retirement Security Act of 1974; and generally transact other business customarily associated with the operations of a savings and loan.

Dependence on Certain Personnel

The Association's pre-operation activities are being supervised largely through the efforts of its President, Eric E. Adamson, who has no previous experience in the organization or operation of a savings and loan. The Association, however, is largely dependent upon the efforts of Mr. Adamson, in conjunction with its consultants. If the services of Mr. Adamson should become unavailable for any reason, there could be an adverse effect on the Association.

The Board of Directors is currently interviewing individuals for the position of chief executive officer of the Association. The Board believes that it is important that the chief executive officer, who would assume overall supervision for the day-to-day operations of the Association, be hired at an early date, and every effort is being made to accomplish this as soon as possible. If the services of a competent individual to fill this position cannot be obtained during the Association's organizational period, it would be reasonable to expect that the FHLBB would deny

insurance and that the Association's operations would not be commenced.

Economic Conditions in Warren County

If the requisite regulatory approvals to commence operations are obtained, the Association anticipates that it will offer its various savings and loan services throughout Warren County. See "Business of the Association - Proposed Services of the Association." Warren County's economy is based primarily upon manufacturing industries and tourism and, to a lesser extent, agriculture. The County's population, personal income and per capita income have increased steadily over the past twenty years. In addition, housing starts have recently begun to increase since the economic down-turn experienced in the housing industry between 1974 and 1976. The Association also believes that the completion of Interstate 66 linking Warren County and the Metropolitan Washington, D.C. area, presently scheduled for late 1979, will have a favorable impact on the economic growth of the County generally and Front Royal particularly.

The Association's officers and directors presently do not anticipate subscribing to any additional shares pursuant to this offering, unless the capital needs of the Association should dictate otherwise. If all the common stock offered hereby is sold and assuming that the Association's capital requirements do not necessitate further subscriptions from its officers and directors to complete the offering contemplated hereby, members of the investing public will hold not less than 87.3% of the outstanding stock and present officers

and directors, together with members of their immediate families, as a group will own 12.7% of such stock.

The present officers and directors of the Association have entered into no arrangements for future purchases of stock from any third party that would increase their percentage ownership as set forth above.

DESCRIPTION OF COMMON STOCK

Holders of common stock of the Association will be entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor. The Association is required by Virginia law to set aside a certain portion of its annual net income as a reserve against loss. In no event may the Board of Directors declare and pay dividends out of amounts required to be reserved.

Holders of the Association's common stock will, in the event of liquidation or dissolution of the Association,

TOWN OF FRONT ROYAL
24 HOUR TRAFFIC VOLUMES

DEC 20 1978
Eric Adenson
Wm. R. Harrison
Bailliff

24

<u>ROUTE</u>	<u>STREET NAME</u>	<u>FROM</u>	<u>TO</u>	<u>24 HOUR TRAFFIC</u>	<u>DATE OF COUNT</u>	<u>LENGTH</u>
55	John Marshall Highway	ECL Front Royal	Commerce Avenue	8,000	Mar/78	0.67
55	South Street	Commerce Avenue	S. Royal Avenue	8,000	Mar/78	0.54
55	S. Royal Avenue	South Street	E. Main Street	13,540	Mar/78	0.41
55	N. Royal Avenue	E. Main Street	Chester Street	11,930	Mar/78	0.34
55	N. Royal Avenue	Chester Street	Sixth Street	15,580	Mar/78	0.23
55	N. Royal Avenue	Sixth Street	Ninth Street	12,880	Mar/78	0.25
55	N. Royal Avenue	Ninth Street	14th Street	20,460	Mar/78	0.35
55	14th Street	N. Royal Avenue	Shenandoah Avenue	13,760	Mar/78	0.24
55	Shenandoah Avenue	14th Street	NCL Front Royal	15,050	1977 ADT	0.47
340	Shenandoah Avenue	NCL Front Royal	14th Street	15,050	1977 ADT	0.47
340	14th Street	Shenandoah Avenue	N. Royal Avenue	13,760	Mar/78	0.24
340	N. Royal Avenue	14th Street	Ninth Street	20,460	Mar/78	0.35
340	N. Royal Avenue	Ninth Street	Sixth Street	12,880	Mar/78	0.25
340	N. Royal Avenue	Sixth Street	Chester Street	15,580	Mar/78	0.23
340	N. Royal Avenue	Chester Street	E. Main Street	11,930	Mar/78	0.34
340	S. Royal Avenue	E. Main Street	South Street	13,540	Mar/78	0.41
340	S. Royal Avenue	South Street	SCL Front Royal	7,710	1977 ADT	0.30
522	Shenandoah Avenue	NCL Front Royal	14th Street	15,050	1977 ADT	0.47
522	14th Street	Shenandoah Avenue	N. Royal Avenue	13,760	Mar/78	0.24
522	N. Royal Avenue	14th Street	Ninth Street	20,460	Mar/78	0.35
522	Ninth Street	N. Royal Avenue	Commerce Avenue	9,710	Mar/78	0.14
522	Commerce Avenue	Ninth Street	Sixth Street	9,710	Mar/78	0.27
522	Commerce Avenue	Sixth Street	Happy Creek Road	11,450	Mar/78	0.49

120

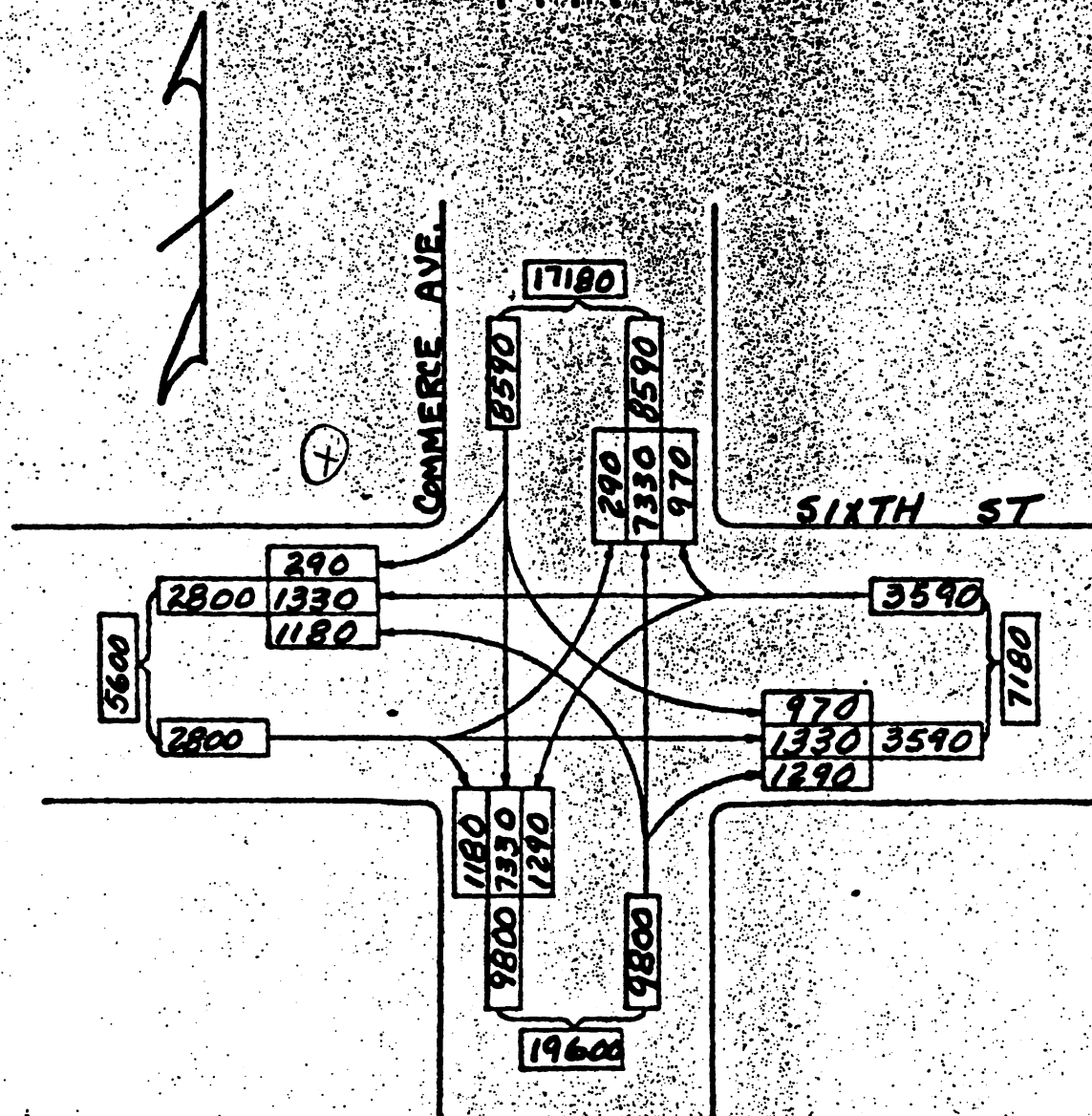
TOWN OF FRONT ROYAL
24 HOUR TRAFFIC VOLUMES

<u>ROUTE</u>	<u>STREET NAME</u>	<u>FROM</u>	<u>TO</u>	<u>24 HOUR TRAFFIC</u>	<u>DATE OF COUNT</u>	<u>LENGTH</u>
522	Commerce Avenue	Happy Creek Road	South Street	11,620	Mar/78	0.66
522	Chester Gap Road	South Street	SCL Front Royal	4,150	Mar/78	0.35

VEHICLE MILES 64,652

MILES 5.71

AVERAGE TRAFFIC PER MILE OF ROAD 11,323

ADV
1997

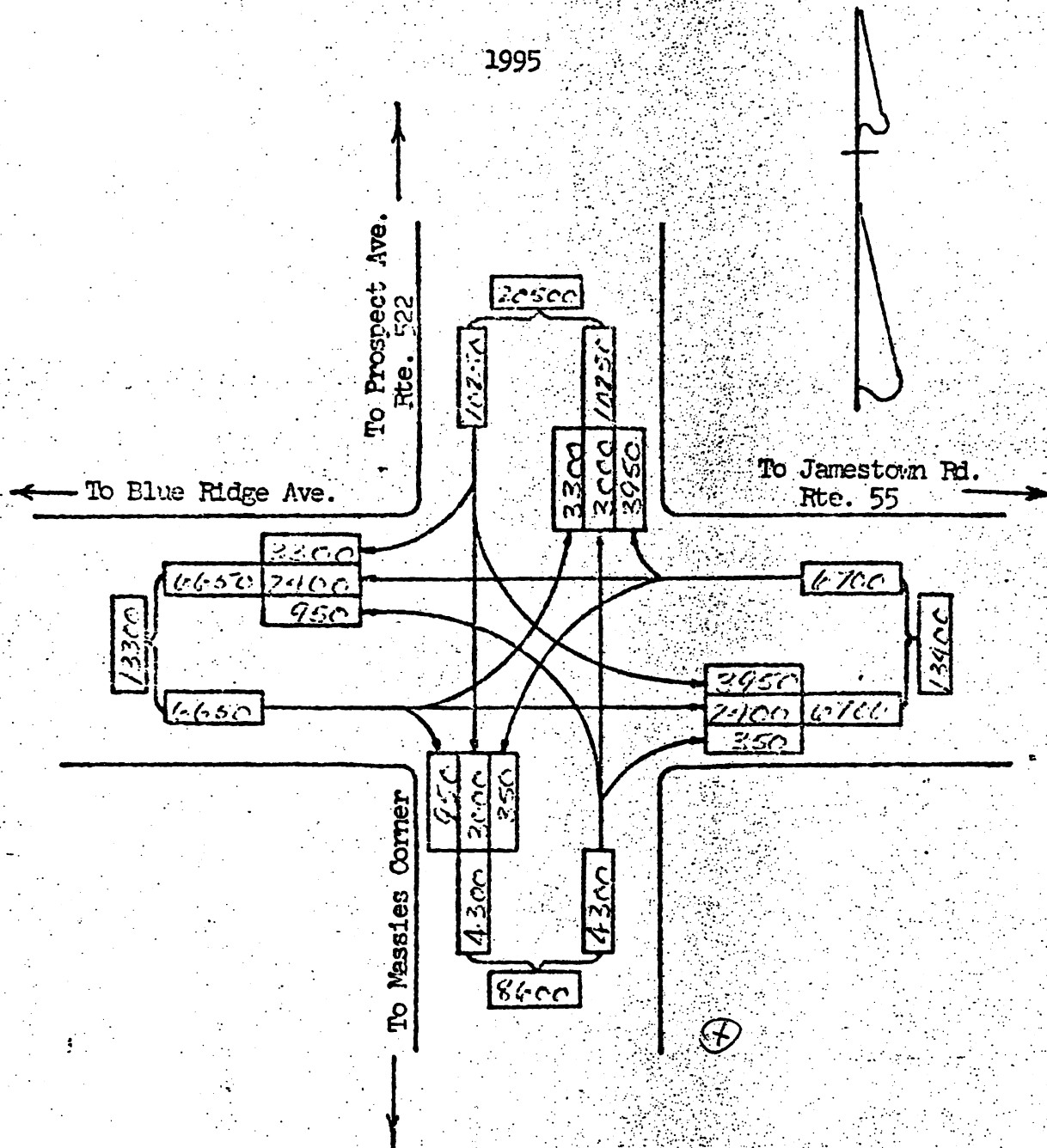
ESTIMATED AVERAGE DAILY VOLUME

Interchange _____

Location INT. OF SIXTH ST. AND COMMERCE AVE.County TOWN OF FRONT ROYALDate Prepared MAY 17, 1976

Remarks _____

1995



ESTIMATED AVERAGE DAILY VOLUME

Interchange Rte. 55 & Rte. 522
 Location _____
 County Front Royal
 Date Prepared 1-2-74
 Remarks Based on 1985 Front Royal Thoroughfare Plan

October 23, 1978

20012

CASE NO.	20013
EXHIBIT NO.	22
FILED DEC 20 1978	
<i>Eric Adamson</i>	
<i>W. M. Feltner</i>	
Baird	

Mr. Nicholas C. Kyriakides
Investigator
Bureau of Banking
State Corporation Commission
800 Blanton Building
Richmond, Virginia 23219

Dear Nick:

Enclosed please find the updated subscription list for Shenandoah Savings & Loan Association, Inc. You will notice that each Director or his spouse has subscribed an additional 1,000 shares.

I am also enclosing a copy of our final and revised Offering Circular--Rescission Offer which was mailed to all subscribers on or about September 15, 1978. As a result of our Rescission Offer, only sixteen (16) subscribers totaling approximately 3,100 shares elected to rescind. That list is also enclosed.

I look forward to seeing you on Tuesday,

Very sincerely yours,

Eric E. Adamson
President
Shenandoah Savings and Loan
Association

Enclosures

cc: Mr. W. M. Feltner
Mr. Hugh D. McCormick
Dr. Milton A. Joyce
James M. Thomson, Esquire ✓

Federal Home Loan Bank Board
PEACHTREE CENTER STATION, P. O. BOX 56527, 260 PEACHTREE STREET, N. W.
ATLANTA, GEORGIA 30343 404/522-2450

20012
CASE NO. 20013
EXHIBIT NO. 73
DEC 20 1973
Eric Adamson
[Signature]

OFFICE OF
SUPERVISORY AGENT

October 6, 1977

Mr. Eric Adamson
109A East Main Street
Front Royal, Virginia 22630

Dear Mr. Adamson:

Pursuant to your request, we attach an "Outline of Information" which must be strictly adhered to in connection with an application for insurance of accounts.

In submitting the information required in Exhibit B, we ask that the data be submitted for both the municipality and the county in which the proposed insured association is located. If the service area encompasses more than one county, the material should be expanded to include them. Also, the information should be furnished to show a trend of at least the most recent three years. Population should be on the basis of the past two census surveys plus a current estimate, the source of which should be stated.

We are enclosing (as attachment #1) a format which we request you follow in furnishing the lending data required by paragraph (c) of Exhibit B.

As a supplement to paragraph (a) of Exhibit E, we request that you include in the application the information pursuant to attachment #2 of this letter.

In connection with the minimum capitalization requirements set forth in Exhibit E, Schedule I, we remind you that the basis of determination is not necessarily the individual community or area to be served but may be based upon the Standard Metropolitan Statistical Area. You should, therefore, be guided accordingly in determining what your requirement would be.

With regard to the withdrawable accounts, no subscriptions should be solicited prior to the granting of a conditional approval by the Federal Home Loan Bank Board. In no event should any monies be collected as deposits toward withdrawable accounts, except as required by the Board's approval resolution.

An applicant for insurance of accounts, whether operational or chartered (but not operating), must file an application for membership in the Federal Home Loan Bank of Atlanta. The original subscription for stock in this Bank must be in amount equal to 1% of the aggregate unpaid balance of the association's home mortgage loans. This amount is determined by deducting from total mortgage loans the following: mortgage pledged shares, if any, loans in process, and the unpaid balance of loans on other than one-to-four family dwellings and joint home and business property. The subscription must be in multiples of \$100. Only 25% of the amount of the subscription need accompany the application and the remaining amount may be paid at the end of three consecutive four-month periods following the date on which membership is granted. No interest is charged on any unpaid balance. However, dividends on Bank stock accrue only from the date membership becomes effective and then only on the amounts actually paid in. Please show in your application the amount of your net home mortgage loans as of a current date.

The minimum stock requirement, which would be applicable to the non-operating applicant, is five shares of stock valued at \$500. The applicants who have filed a Request for A Commitment To Insure Accounts would not file a membership application until such time as it filed the formal application for insurance of accounts.

Organizers of either mutual or stock associations may not be reimbursed for "organizational" expenses by the association. Stock associations are not authorized to defray organizational expenses with income generated during the organizational period. It is recommended that an organizational expense fund be established and a set amount be collected on each share of stock sold. Proper accounting should be made from the start to assure that the organizational expenses will not exceed the funds collected from stockholders for that purpose.

It is our policy to conduct an independent survey to gather information by interview and inspection and to meet with the organizers. Our charge for this service is \$150, a check for which should be included with the other papers in the event an application is submitted.

At such time as you may be prepared to file an application, advise us as to the number of organizers or directors, and we will forward sufficient copies of the Confidential Biographical and Financial Report and the Biographical Sketch form for your use.

We recognize that the material which we are furnishing you is rather comprehensive. If you have any questions or if we can help you in any way, please let us know.

Sincerely,



William D. Bramham
Senior Vice President

WDB:

Enclosures: Attachment #1
Attachment #2
Outline of Information (including required enclosure)
Biographical Sketch Form
Confidentials

Please Note: Please pay particular attention to the type of institution checked on page 2 of Exhibit A "Outline of Information" (green booklet) attached so that the specific instructions applicable to your type of case may be followed.