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Interview with  
W. W. Salmon  
November 19, 1971

Place of Interview: Dallas, Texas

Interviewer: Dr. Ronald E. Marcello

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Approved: *W. W. Salmon*  
(Signature)

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Oral History Collection

W. W. Salmon

Interviewer: Dr. Ronald E. Marcello

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Dr. Marcello: This is Ron Marcello interviewing Mr. W. W. Salmon for the North Texas State University Oral History Collection. The interview is taking place on November 19, 1971, in Dallas, Texas. I am interviewing Mr. Salmon in order to get his reminiscences and experiences and impressions while he served with the Dallas Regional Office of the Home Owners' Loan Corporation during the New Deal period. Also present at this interview is Mr. Martin Edwards, who also served in the Dallas Regional Office along with Mr. Salmon, and Mr. Edwards will also be adding his comments to the conversation. Mr. Salmon, let's start off with you first of all and have you give us a brief biographical sketch of yourself. In other words, would you tell us where you were born, when you were born, your education, things of this nature.

Mr. Salmon: I was born in Pilot Point, Texas, in 1909 and was reared in Denton, Texas, which is approximately thirty-two miles from Dallas. I attended grade school in Denton, part of

high school in Denton, and the remainder of high school in Dallas, and I graduated from SMU in 1942. And this effort so far as my accomplishment in the university was concerned was accomplished during my tenural service with HOLC, and my studies were done at night.

Marcello: What is your present occupation?

Salmon: My present occupation is that of executive vice president of Southern Trust and Mortgage Company with whom I have been employed for since July 15, 1947.

Marcello: You have been with them ever since that time?

Salmon: I've been with them ever since that time.

Marcello: Well, Martin, I think you probably have an interesting biographical sketch to give us since you're not a native Texan. Would you give us a brief biographical sketch of yourself?

Edwards: Well, I was born and raised in South Carolina. I came up during the depth of the depression, and during the real hard times there, why, I went to Washington looking for employment.

Marcello: Why did you go toward Washington in looking for employment?

Edwards: It was the only place I knew that would employ people at that time. (chuckle)

Marcello: I see.

Edwards: Actually, my parents had been in the hotel business, and things were real rough. And my mother and I went to

Washington, D.C., and we opened up a boarding house right next to the capitol. And she did fairly well there and I proceeded to look for a job in federal employment.

**Marcello:** Did you ever have any congressional clients at the boarding house?

**Edwards:** No, we really didn't. We didn't have any congressional clients, but by the same token I met one of my old friends of HOLC days who was working as a clerk on a congressional committee. And that's Bob Gaines. And Bob, as I said, was a clerk in one of the congressional committees. That's how I really selected Texas to come to. But we're getting away from the point. I went on and in seeking employment there, and I went to HOLC because that was the only new and building agency that I knew of. And I was just a youngster of eighteen years old.

**Marcello:** When were you born then?

**Edwards:** I was born in 1915. And I went to work with HOLC in February, 1934, as a messenger boy. And when they decided to open the regional offices, why, they told me that I could be the chief mail clerk in any office in the United States (chuckle) that I wanted to go to.

**Marcello:** Mr. Salmon, what were you doing when the depression struck?

Salmon: I had been employed by Simms Oil Company. And about the time that HOLC was to have been created, Simms Oil Company was in the process of selling out its interest to Magnolia Oil Company. And I would say the handwriting was on the wall insofar as the future of that business was concerned. So because of the need for accountants--of which I was one--at the time at the advent of HOLC some friends of mine who were in the bookkeeping machine business contacted me and suggested that I might investigate this, which I did. As a matter of fact, before I had an opportunity to investigate it, an interview was set up for me by them with HOLC people that were down here seeking help.

Marcello: What was Dallas like during the depression? What were conditions like?

Salmon: Well, I would have to say that conditions were just about as critical as they could possibly be--a grave unemployment situation all over. And as you well know in connection with the HOLC effort, many other government organizations had to be created to provide jobs for the unemployed--WPA, CCC, and perhaps many other initial names that don't come to my mind at the moment. But certainly to have anything in the way of employment was something that was sought after by everybody. And you didn't turn down the opportunity regardless of what the pay might have been.

Marcello: Now you perhaps may have been too young at the time to make any observations along these lines, but what differences could you see between Herbert Hoover and Franklin Roosevelt? Martin, you were fairly young at this time, I gather, and maybe you didn't even pay attention to this sort of thing. What sort of differences could you distinguish between the two men, and how do you think the spirit or the confidence of the people changed with the switches in administration?

Edwards: Well, I don't think I'm really capable of answering that, but I think the public as a whole had a misconception of Herbert Hoover. He was certainly one of the smartest men that was probably ever president.

Marcello: Now are you saying this from hindsight--looking back on it--or did you think this way at the time?

Edwards: Well, really it is hindsight. Of course, we all in that day and in that time had unfair remarks (chuckle) to say about former President Hoover. And I just think it was the nature of the times.

Marcello: In other words, what I think you're trying to say is that he simply was a victim of what his predecessors had done to a great extent?

Edwards: Right.

Marcello: I'm speaking now primarily of Harding and Coolidge perhaps.

Edwards: Probably just like Nixon is a victim of some of the circumstances created by Kennedy and Johnson.

Marcello: What differences could you discern between the two, Mr. Salmon?

Salmon: Well, I think you have pretty well described the situation at that time because we then did not have the controls that we have today in government to make the economy react. And as a result of the trend of those times was the test with which we have since found a way to control an economy. And I doubt that even though many disparaging remarks might have been made about any president prior to that time, our gross had not reached a point to where it was at any time as critical as it was then.

Marcello: What were your impressions of Franklin Roosevelt?

Salmon: Very good. Excellent. Regardless of any conception that might be held by anyone else, I think that the personality of the man, if nothing else, instilled confidence in the public like no other president that I know of in history.

Marcello: Well, this is one of the things that I was trying to draw out because in all the pictures you ever see of Herbert Hoover he had this frown on his face, no smile and so on. But if you ever see any pictures of Franklin Roosevelt on the other hand, you never see him without a smile.

Salmon: Right.

Edwards: With his cigarette holder . . .



Marcello: Right. Just exactly . . .

Edwards: . . . and a big, broad smile on his face.

Marcello: But this is one of the things that I really wanted to try and draw out, the fact that apparently he did instill confidence, like you said.

Edwards: Absolutely.

Salmon: No question about it.

Marcello: And apparently there was a good deal of flexibility. If something didn't work, he would try something else.

Edwards: Let's try something else. You bet. He had guts.

Salmon: Absolutely. And this was the forerunner, if anything, of what we're seeing today because out of that confidence emerged a government that became well aware of the need for the type of economy that must provide for the people-- the bare necessities of life without the exigencies that we had previously experienced.

Marcello: Did you ever hear any of the Fireside Chats?

Salmon: I tried never to miss any.

Marcello: What impressed you about them?

Salmon: Well, I think perhaps I've already said that, in that they were as informal as anything I've ever heard. And they reached me, and I'm sure they reached many other people in the sense that this was part of the accomplishment in instilling the confidence that I have previously remarked on.

- Marcello: Martin, is this more or less your opinion, also?
- Edwards: He was a very, very intelligent man. He didn't ever seem to try to talk down to people. He talked on the level that we all understood and appreciated and loved.
- Marcello: How important was a government job at this time? Now I think we touched upon this, also. Of course, any job was important. But how important was a government job with one of these alphabetical agencies?
- Edwards: More important than any other job because it paid a little bit more, you know.
- Marcello: And perhaps it offered a little . . .
- Edwards: When you got paid \$95 or \$100 a month, why, this was just like (chuckle) a fortune.
- Marcello: Then again, I assume it represented a little bit of security, also. Is that true?
- Edwards: It had some prestige and some security.
- Ms Edwards: It had a lot of prestige.
- Salmon: If I might comment on that point, the importance of the job was, first of all, to have a job. Secondly, one had to keep the job which is quite different as we know it today. You never questioned what you were told to do. And you certainly never questioned the hours that you might be expected to work without any overtime pay whatsoever. Many of these laws were not even presented at that time as we know them today. So I'd have to say

that this was a matter of preservation as much as anything else.

Marcello: What kind of competition existed for these HOLC jobs in Dallas?

Edwards: I would say that it was very keen. But actually HOLC kind of slipped into Dallas like an overnight proposition. I don't think it was too well publicized because our news media wasn't doing the job then that they do now.

Salmon: They were on short rations, too. (chuckle)

Edwards: Actually, they got in and got pretty well organized before there was a heck of a lot of knowledge about their even existing.

Marcello: Now apparently in its original form most of the HOLC's activities were handled from Washington. Is this correct?

Salmon: Initially.

Marcello: Right. And then they established the regional offices of which Dallas was a regional office.

Salmon: This is correct.

Marcello: And this involved Texas, New Mexico, Oklahoma.

Salmon: This comprised the region the home office of which was located in the Cotton Exchange Building in Dallas, Texas. And it happened that several of the government agencies were located in there including the Federal Housing Administration. And the Federal Housing Administration, although a separate entity, is still in existence as you

know, but it was an extremely important part as an adjunct to the HOLC operation insofar as providing a means of financing homes or refinancing homes, if you will. And their practices, of course, have been refined during the years to the extent that it now is probably one of the biggest insuring entities in the entire world.

Edwards: I don't think we ought to overlook something else. We also had another partner there in the old Cotton Exchange Building, another one of the alphabetically named agencies, and that was the Reconstruction Finance Corporation.

Salmon: RFC.

Edwards: RFC. The Cotton Exchange people really got on the ball when they got all these government agencies. They were the envy of the commercial real estate people here in Dallas. (chuckle)

Salmon: One of the critical situations that existed during the depression years with respect to real estate values is that many, many private institutions who were engaged in the making of loans on homes found themselves in a position where the value of the property had fallen below the amount of the debt. And as a result of unemployment and many other things that go along with depressions, they were faced either with having to take back these properties

through foreclosure, which would actually throw them into a bankruptcy situation, or there had to be an agency established for it, and this was the role that HOLC played in the economy of the entire country. Its role was not only to save business but to save the home owner if possible. And I suppose we could relate that in this way by saying that through the support of the Treasury Department, HOLC certainly was created as a private corporation but with the support and good faith of the federal government behind it.

Marcello: In other words, the HOLC got its funds from the issuance of bonds. Is this correct?

Salmon: Bonds. This is correct. And the Treasury Department, of course, purchased the bonds and . . .

Marcello: I was going to ask you--and this never came up in any of the previous interviews--who purchased the bonds. And that was the Treasury Department that did so.

Salmon: It was the Treasury Department. Nobody else was able to purchase the bonds, you see. So the Treasury Department was a support for this entity all the way through, although it was created as a private corporation with this support. And in the process during those years, moratoriums of any character that you could think of were granted to the home owner simply to keep the home owner in the home.

Marcello: Going one step further, there was a regional office in Dallas, and then HOLC was further divided into district offices.

Salmon: That's correct.

Marcello: And I would assume that the district office was the real grass roots office of HOLC.

Salmon: The grass roots office of HOLC insofar as being the office that made contact with the various investment institutions that applied to them for relief. As a matter of fact, I can go so far as to say to you that the organization with whom I later became connected was one of those private institutions that found a serious need for the services of HOLC in order to avoid bankruptcy.

Marcello: I gather that the lending institutions--I suppose you could call them lending institutions--that held these mortgages wanted to get rid of them if they possibly could. Isn't this correct?

Salmon: They had to get rid of them, and they couldn't afford to foreclose them because there was no resale for them. And certainly the value of the property was then somewhat below the debt that was owed, and there was no hope to recover. And if it had not been for this organization, it is actually beyond imagination as to what could have happened to private enterprise.

Marcello: In fact, I've been told that on some cases there was a suspicion that private lending institutions even encouraged home owners to fall behind on their payments at times so that they, perhaps, could . . .

Edwards: Become eligible.

Marcello: . . . become eligible, like you say, for an HOLC mortgage.

Edwards: Right.

Salmon: Well, I'm not aware that if it in fact did exist.

Marcello: Again, this is perhaps hearsay rather than from any documented evidence.

Salmon: I'm sure that private enterprises engaged in the financing of homes were so happy to get rid of trouble cases that maybe there were many avenues that they employed to accomplish this. But your statement with regard to encouraging home owners to fall behind, I'm not aware of. But home owners as a matter of fact, as I saw it then and as I still see it today, were in such a deplorable condition financially that they had no choice. And from a pure economic standpoint, when the value of anything falls far enough below the debt that's owed against it, let's say that you could have it back, you know, and this is true today.

Marcello: Let's just go back here a minute and talk about the Dallas Regional Office once again. Exactly how was it organized?

Salmon: In what respect do you mean?

Marcello: In other words, how was it organized, what were its functions? For example, what were some of the departments within the Dallas office, first of all?

Salmon: Well, you had the usual departments that you would find associated with any institution engaged in the making of mortgage loans. This, of course, basically would entail first of all your production department, if you please. Production in this case was not to be considered a very lucrative thing. But nevertheless that means our district offices were seeking out the trouble areas and making them aware of the fact that HOLC did exist and that it existed for the purpose of helping them as well as to help the home owner.

Marcello: Was this in a sense kind of like a publicity operation to some extent, a public relations operation?

Salmon: Yes. It would certainly have to be. And then, of course, following that--once you had put loans on the books-- then you had to have an accounting department, a collection department, a property management department, and the usual departments that would go along with all functions necessary to the operation of a mortgage company such as we know it today. Those are basically the essential departments that we think of. Then, of course, there was your treasury department to pay out on the loans and that sort of thing.



Marcello: Now how close a rein did the regional office keep on the district offices?

Salmon: They kept a very close rein on the district offices because the district offices were staffed with very good people--knowledgeable appraisers first of all. But it made no difference, really, what the appraisal was--the property was in trouble. And what they were trying to do was to pull it out of the doldrums of the depression situation that then existed. The district offices were under the direct supervision of the regional offices. And from that point the structure then ran on up to Washington, of course. But everything that was done must finally be approved and passed through the regional office.

Marcello: What sort of people received jobs from HOLC? Had they been in related activities prior to their employment with HOLC or not?

Edwards: I'd say yes but I'd like to go back just a little bit on what Bill has said there. Organizationally, you couldn't recognize HOLC with agencies of today because the responsibilities were spread out considerably over the top management staff. And the top management staff was a confined and a small staff. We were all called upon to do jobs clear across the board, you know. And we did them graciously.

Marcello: In other words, a job with HOLC required a certain amount of versatility. Is that perhaps a good word to use?

Edwards: Absolutely.

Salmon: I think so.

Edwards: And management-wise, why, you had a regional administrator and he had an assistant. You had a personnel department and you had a supply department, and that was about the extent of the overall management. Then you got into the technical end of it. You had your mortgage loan department, and you had your accounting department, and you had your insurance department and things of this sort.

Salmon: Property management.

Edwards: Property management.

Marcello: I would assume that absenteeism was never a problem with HOLC.

Edwards: Absolutely not. And if you had somebody absent, we did have a nurse on the staff, and she'd call on you to see whether you were really sick or not.

Salmon: That's right.

Edwards: And I think this is good and I think we ought to have more of it today, but it was a pretty doggone closely knit organization. And I'll have to admit that I've

been in some responsible jobs in government since then-- very responsible jobs--and I did more for \$1,200 there than I did for \$18,000 elsewhere. And you have to take into consideration inflation (chuckle). But this thing has pyramided out of all reason.

Marcello: Also, I understand you had a dress code, isn't that correct? From what I've heard from some people, you had to wear certain types of shirts, ties . . .

Edwards: Absolutely. Everything emanated from the regional manager. Now he was the czar, and we all loved him. He was a fine man, and you're going to interview him, I hope. He was Joseph R. Smith. But he ran a real close ship.

Salmon: Well, the only thing that I can say in that regard is that I was the only reprobate or recalcitrant or abstainer because I never conformed to any of the rules and regulations and that sort of thing. But I certainly agree with Martin that it was a very closely-knit organization--it had to be.

Edwards: And we ought to have a lot more of it today.

Salmon: If we had more of this type of thing today within our bureaus as we know them today, and if everybody actually would work with the intensive purpose of accomplishment, we'd have a real fine government situation and would cut our expenses of operating government down immeasurably.

Marcello: To what do you attribute this? Mainly the economic situation at the time?

Salmon: Mainly the economic situation at the time, but probably the fact that it was a very efficiently operated organization because of the type of people that we had. I feel and have felt for years that employment for the sake of employment through the tests that are given is one thing. And I could also tell you that I don't believe in these tests that are given because I don't think it tells you one thing. Certain types of tests certainly would tell you a few things, but the proficiency of the individual, the ultimate ability of the individual, and perhaps I should say the individual's ability to grasp and grow is not present in many of these organizations today as it was then. But on the other hand, don't forget that because of the trend of the times then and the lack of availability of jobs made very very highly intelligent people available for whatever they could get. And this is what we're talking about.

Marcello: In other words, you had a rather vast reservoir of competent manpower to choose from.

Edwards: Competent people.

Salmon: Exactly.

Marcello: How important was a political endorsement in getting a

job with HOLC? I know this was important in some of the relief organizations, but how important was it with HOLC?

Salmon: Well, I'll make a statement on that point, and then Martin can make his own statement because I was subjected to it a number of times insofar as the politicians were concerned. And back in those days because of the type of people that we had who were not essentially government oriented employees, if you please, they just told them to go to hell. "We're trying to run an organization, and if you don't like it . . . ." Now I don't know what Martin's experience has been, but I know that Joseph R. Smith, who was the regional manager of the Home Owners' Loan Corporation for a period in there, took that tact entirely.

Marcello: In other words when you received your job, you did not have to get any endorsement from a congressman or a senator.

Salmon: No. Absolutely not.

Marcello: Martin, how about you?

Edwards: I think this is true. And I think that this came about principally because in Washington they were selective in the top management of HOLC when they sent them out. And they sent people principally away from the area. All of the top management in this regional office of Dallas,

Texas, were imported. They had no connections locally, congressionally, senatorially. I mean they didn't come in under any guise of endorsement.

Marcello: Do you think perhaps this was done deliberately?

Edwards: Yes, I do. And I think it was good. I think we ought to do more of it. They had no obligations here locally, and they were sent down here to do a job, and that's what they did. And I think it's good.

Marcello: Let's talk a little bit then about some of the grass roots functions of HOLC. Suppose I was a home owner and I was having to make mortgage payments to X mortgage company or X bank someplace in Dallas. And I was out of work and I couldn't make my payments and I was falling behind. Now what procedure would I follow in order to qualify for an HOLC . . . loan isn't a good work, but to have HOLC refinance the mortgage?

Salmon: You as an individual would not have been the one, first of all, to make application for a transfer of your mortgage to HOLC. It would have been the institution that originally made the mortgage who found you in a situation today that you could not make your payments. And this would have simply been handled as an assignment of the mortgage to the Home Owners' Loan Corporation who then would pay off in cash the lender. And from that point on, HOLC would deal with that home owner.

Marcello: What would be the next step that the home owner would take? His mortgage had now been bought by HOLC.

Salmon: The next step that would be taken then would be to find out what the home owner could pay, if anything, on this loan.

Marcello: Was this a rather flexible thing?

Salmon: It was definitely a flexible thing because there were many home owners who couldn't pay anything at all. And during that period of time we even had to capitalize taxes and insurance into the capital account--the mortgage. So it was so flexible that we felt that any way that we could possibly keep the home owner in the home--who was genuinely serious and wanted to keep the home--was the thing that we were to strive for.

Marcello: I think this is something that is very important and needs to be a part of the record. I don't know exactly how you can describe it, but it seems as though the Home Owners' Loan Corporation was kind of acting on a rather personal basis. It usually isn't the way one usually thinks of a government agency organization operating, I don't think.

Salmon: We never thought of it as a government agency, in the first place. And what you just said is quite true. It was an extremely personal thing. And the efforts on the

part of this organization was to keep that home owner in the home that was worthy of consideration to the extent that any kind of a moratorium--interest, principle, taxes, and insurance, which, of course, had to be capitalized--would be taken into account. As a matter of fact, Home Owners' Loan Corporation in the final analysis didn't acquire but about 14,000 homes through actual foreclosure out of the many loans that we had in total.

Marcello: What were the criteria that the HOLC used in order to determine whether or not it would refinance a mortgage? In other words, did you have people who went out and investigated the home owners' situation or the lending institutions' situation, or did you just simply take the word of the lending institution?

Salmon: No. This was a matter of appraisal of the property in its then condition first of all. The value insofar as value could be determined was established for the purpose of the records to determine what differential then existed between value and debt. This was necessary to pay off the mortgage company. The mortgage company's debt was paid off actually in total with the knowledge that there was this differential that HOLC was absorbing as a loss in the beginning, perhaps not a loss in the



end, as it turned out, and that was the purpose of this. Now insofar as the borrower involved with the private institutions was concerned, it was a matter of interview with that borrower as is the case today with an interview with any borrower as to whether he intended to keep the property, if he could find a way to keep it, and what it would take for him to keep the property. And this is where we found ourselves in a position of granting moratoriums, perhaps not on more than principle and interest. And the one thing that we tried to accomplish during those days was at least the payment for taxes, hopefully for taxes and insurance. But in the final analysis, failing to get any of these things at all would have to be the situation where a man was completely unemployed.

**Marcello:** In addition to refinancing the mortgage, in most cases you also took into consideration the insurance and the taxes. Now was this all figured in together as a part of that borrower's payment?

**Salmon:** When it was taken into HOLC, all of this was considered as a part of the total indebtedness. Anything outside of the original principle indebtedness was capitalized, and the loan was then reamortized over a given period of time at 5 per cent, so that this man could then start from scratch if he was able to qualify.

Marcello: How did that 5 per cent interest rate compare with what private lending institutions were getting or were charging?

Salmon: Well, (chuckle) this perhaps is a horrible thing because at the time that HOLC was created--and I'll have to add at the time the Federal Housing Administration was created--private institutions were charging interest rates up to the maximum allowed within the bounds of the state law. And perhaps there were instances in which they would provide for interest only payments, not amortized payments as we know them today.

Marcello: Now did the amortization of payments start with HOLC?

Salmon: This started with HOLC. The amortization of payments were established wherein a man would make a level payment, and this would cover the principle, the interest, and the tax and insurance deposit which are the escrows over the term of the loan. The term of the loan back at that time was basically fifteen to twenty years.

Marcello: How much was the average home owner paying per month? Maybe that's an unfair question, but is there anyway that you could estimate how much the average home owner might be paying per month to HOLC? I assume he was making a monthly payment.

- Salmon: He was making a monthly payment. I have no idea what . . .
- Marcello: This, of course, would vary as you pointed out before from home owner to home owner.
- Salmon: This is so variable because of the differences in the value of the property.
- Marcello: Right. And you would refinance a mortgage up to \$14,000, wasn't it?
- Salmon: \$14,000.
- Marcello: Do you have any way of knowing approximately how many applications were made to HOLC during its existence?
- Salmon: No, I have no way of knowing that. I would think that this pamphlet that has been published--if you want it to be on the record--would provide you with this information because it is a factual history of what HOLC did--not the details of the operation but the number of applications, the number of loans made, the number of properties that were taken back and sold later, of course, and finally the profit before the organization was dissolved.
- Marcello: But you were telling me a while ago that you knew the exact number of mortgages which were financed by HOLC.
- Salmon: That's correct.
- Marcello: How many were there?
- Salmon: 71,211. (chuckle)
- Marcello: And this encompassed a three-state region. Is that correct?
- Salmon: This encompassed a three-state region.

Edwards: One thing comes to my mind. You know, I was a damn mail clerk. And I had to send out all these payment due notices, you know. And I had to receive all these payments. And I can remember that it varied from 60,000 to 90,000 a month. I went to the post office department and made arrangements about mail and what have you. And, heck, we were the next biggest thing to the post office (chuckle) in Dallas at the time.

Marcello: You mean the number of payments that were made to HOLC varied from 60,000 to 90,000 a month.

Edwards: Right. And this is the number of notices that we sent out. Somewhere along at the beginning and somewhere in between it varried from 60,000 to 90,000 pieces of mail that had to go out every month on payment due notices and on receipt of payments.

Marcello: Awhile ago, also, you mentioned something interesting in that you said that the HOLC assumed the taxes and so on. This was included into the refinancing of the mortgages and so on.

Salmon: Well, yes, because taxes had accrued which could not be paid by the home owner.

Marcello: Well, here was an added benefit to the economy as well because I would assume that until HOLC came along counties and cities were in pretty bad shape. In other words, HOLC was in essence providing them with a source of revenue.

Salmon: Every damn thing was in a bad shape and whenever our economy--which is employment--is in a bad shape, counties, cities and whatever you have had to be in a bad shape when you can't make the payments.

Marcello: So I would assume then that counties and municipalities were glad to see HOLC come along also.

Salmon: Very definitely.

Marcello: Now how about home repairs? Did HOLC ever finance home repairs?

Salmon: HOLC handled home repairs as a part of the package. This was an essential part of it because to have a piece of property continue to deteriorate, if we had any hope of recovery and the reinstatement of value, you had to keep the property in good repair. So therefore, if we were going to assume the responsibility of taking over this indebtedness, it had to incorporate that as a part of it.

Marcello: Let us suppose that this home owner was having trouble meeting his payments to HOLC. What would you do to help this person, or what steps would you take in order to keep him on the HOLC rolls or on the books and so on?

Salmon: Well, of course, this had been discussed earlier in your program, and this is not uncommon as to what is done today in the sense that the home owner would be naturally called upon to make his payments numerous times. It won't last too long. And finally the home owner would

be called into the office and interviewed. And with this interview we would find out what it would take to help this man--if he could be helped in fact. Now if he couldn't be helped and didn't want to be helped, it was only a matter of foreclosure. It was just that simple. And this is very true in everyday business as we know it. But everything was done to keep that man in the home, and this I have said before.

Marcello: I've asked you this before, but in essence what do you think was perhaps the greatest contribution that the HOLC made to the country during the 1930's, during the depression?

Salmon: Well, I think the HOLC, insofar as saving many private institutions who were in the business of making loans, was one of the greatest contributions I can think of. And I think in addition to that that many home owners who would have otherwise been foreclosed by private institutions were saved because they would have had no recourse whatsoever, you see.

Marcello: Do you think this perhaps did quite a bit toward restoring the faith of the middle class, I suppose you could say, in the system? Is that a good statement to make? It was more or less giving them a stake in the system.

Salmon: I don't know that in these times that a system was being thought of.

Marcello: In other words, what would have happened had there not been HOLC and that foreclosures had been carried out?

Salmon: I think it would have been a catastrophic situation. I think that without HOLC and along with the adjuncts to it such as the Federal Housing Administration we certainly would have found ourselves in a situation that would have been years in the process of recovery, because business is what creates employment--private enterprise. Government support can only go so far. Therefore, to reinstitute or revitalize private enterprise by taking off of their hands these cases that are hopeless and to try to deal with them through government support was the key, in fact, to enabling them to note two things: first of all, to be very careful in what they did in the future. "We have given you back your money that you had in property that's not worth what we're giving you right now." And this, of course, is the chain of events in connection with the monetary policy of investment.

Marcello: And how did HOLC help you personally? How do you think it contributed to your future career and so on?

Salmon: I think simply, as far as I'm concerned, that we had an experience there that encompassed many things: What can happen; what did happen; how serious the situation

can become; what has to be done to find a way to recover; and, finally, what was done in the recovery period that worked. In addition the experience that we gained through all of this prepared us for the future in a way that I would say percentage-wise is very low as we know them today in our business from the standpoint of those people who are actually aware of what can happen and what it takes to recover from it.

Marcello: Martin, how do you think it benefited you personally?

Edwards: Well, it benefited me not in the technical standpoint that it has Mr. Salmon, who has remained in the mortgage loan business, but it did benefit me through the management techniques that were employed in HOLC which I think were real good. I'm talking about their personnel policies and administration management policies. And I think it was due to the good tight ship that was run in those depressing days.