

The World Today

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In one of the articles in "The World Today" series of last week, the immense business handled by the subdivisions section of the Trust Department of the Los Angeles Trust and Savings Bank was covered generally, with special reference to the town lot subdivisions. In this article farm land subdivisions will be discussed.

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While the bank's method of handling farm land subdivisions is practically the same as that for town lot subdivisions, it is the modern farm land subdivider who is deserving of particular attention. He does not conduct his business along the lines of the old farm land subdivider, who got hold of a farmer, found out how much money he had, took all the money that he could from him for the down payment, took him up to his land and turned him loose on raw, unimproved land to starve and make a failure, not only for the former that he sold it to but for the owners of the farm land.

The up-to-date land owner and salesman goes at it in a different way. In the first place he finds the man who wants to farm. He then finds out if he has money. If he hasn't money he will not sell to him. He finds out how much money he has. We will say that he finds that he has \$5000. He figures that a man with \$5000 can handle forty acres of land. He then says to him:

"I will sell you this forty acres of land and will have you pay me \$1000 down. You have nothing more to pay upon this land except interest and taxes for three years. Then you will pay me the balance in one, two and three years from that time, but I will only make you these terms upon the understanding and agreement that you take your \$4000, go up on the land and plant it in vines, trees, alfalfa, or whatever it is best suited to, and develop your place and work it."

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This means that the modern farm land subdivider is getting men to go up there and work for him, for in the first place he has them agree to spend \$100 an acre on his land. It means that his raw land at the end of three years has been made a productive farm and that his subdivision is settled with real farmers instead of speculators, and at the end of the three years' time the land, instead of being worth \$135 or \$150, is worth \$300 an acre.

He is then able to refinance the farmer by farm land loan or by private loan and get all of his money out of his sale, which cleans it up and makes him his profit and his farmers make their profit. He is doing a constructive work instead of a destructive work.

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Recently I was talking with a man who represented the owners of some 9000 acres. He wanted to know what our fees would be for the handling of a large tract of land such as this, which would ultimately sell for \$3,000,000 to \$3,500,000. When I explained to him that our fees would amount from \$60,000 to \$70,000 he at first thought it was entirely too high. However, when I explained to him that it would take us from fifteen to twenty years to earn this and showed him what a mass of detail we were handling for him; how we took all of the book-keeping and other detail out of his office and gave them an opportunity to devote their entire time to the selling, development and improvement, and when I showed him that over this period of years he would not be able to hire one book-keeper and one stenographer for the price he was paying us, he then said:

"Well, I had not thought of it that way before. I really don't see how you can afford to handle it for such a figure."

Of course, we could not handle it for such a figure if we had only the one trust in our bank, but with the hundreds we have, our system is such that after the trust is once installed it practically becomes a part of routine.

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Those contemplating opening town lot or farm land subdivisions are invited to consult the officers of the Subdivisions Section of the Trust Department of the Los Angeles Trust and Savings Bank.

Bond Department LOS ANGELES TRUST AND SAVINGS BANK