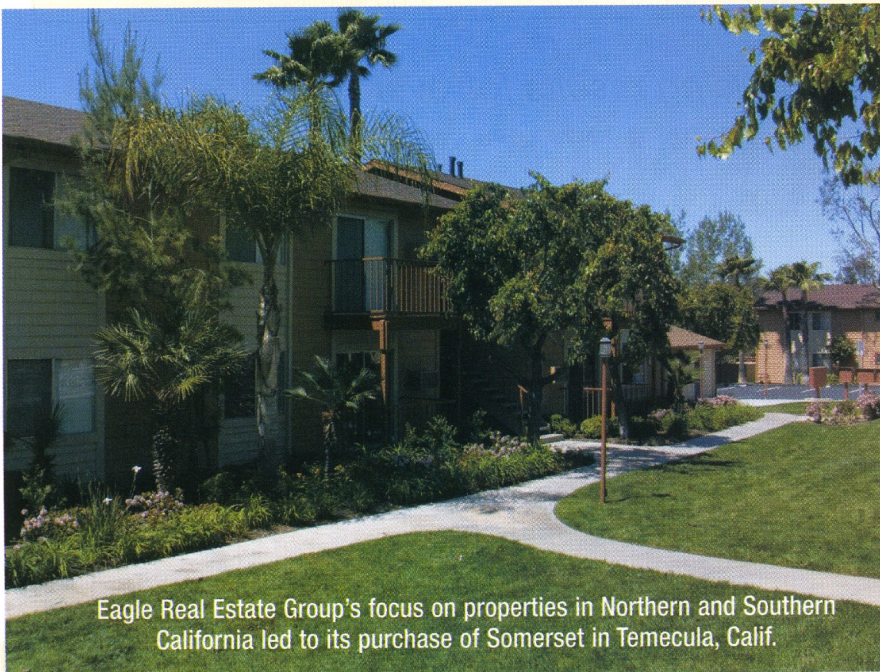


Starting from SCRATCH

BY LES SHAVER

THE JOYS AND THE PAINS OF LAUNCHING A NEW MULTIFAMILY COMPANY



Eagle Real Estate Group's focus on properties in Northern and Southern California led to its purchase of Somerset in Temecula, Calif.

It was not exactly how Randall Friend, Kyle Martin, and Kenneth Melton imagined they would be closing their first big real estate portfolio. The trio, who are partners in Eagle Real Estate Group in Anaheim, Calif., had just established their business plan and, almost immediately, made a successful offer for a \$40 million portfolio made up of five apartment communities in Ontario, Calif. "It was kind of a spur of the moment thing," says Friend, a real estate lawyer who wanted to try his hand in multifamily housing.

While the new partners were excited to get the portfolio, they were not totally organized—which became apparent as they were preparing to meet the vice president of Pacific Gulf Properties, the seller. Just as they were about to take their first big step into the multifamily



In June 2002, Kyle Martin, Randall Friend, and Kenneth Melton (from left to right) established Eagle Real Estate Group in Anaheim, Calif. The company acquires multifamily properties in targeted markets.

Eagle Real Estate Group's focus is on making deals. One of the properties it acquired was the Teresina at Lomas Verdes in Chula Vista, Calif.

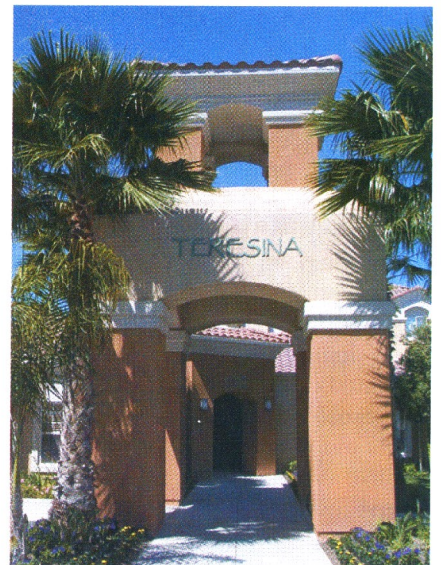


business, they realized they were missing one important thing—business cards. So, just minutes before signing the final papers on the deal, they were at Kinko's picking up their newly printed cards.

Fortunately, this last minute hiccup did not cause any problems, and the new company was off and running. After the deal, Friend closed his law practice to focus exclusively on real estate. In the two years since its initial closing, Eagle

has acquired more than 2,000 units, totaling \$175 million.

Friend and his partners at Eagle are not alone in their experiences. Their story is illustrative of all the minor details new multifamily firms must address before becoming viable players. Over the past few years, a number of multifamily executives have moved on to start their own companies. But this task is not as easy as it sounds. Before they can venture out on their own with any



hope of success, executives must know when to start their business, where to find and tap financing and equity, and if their new partners are trustworthy.

When to Go

Executives starting their own companies have similar stories. They've all been