



BASICS OF EB-5 LENDING

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Is EB-5 Significant?

FOREIGN DOMESTIC INVESTMENT (FDI):

- Since 2008, \$11.92 Billion (B) in FDI
- 2008-2014: Jumping over 700% (from \$321 M FDI to \$2.56 B FDI)
- 2015: \$4.4 B FDI projected; Projected jump of 1,200% from 2008
- \$1.4 B FDI for 3rd Qtr. 2015 / >45% increase from 2nd Qtr. 2015 / 153% over 3rd Qtr. 2014
- \$3.25 B FDI this year through 3rd Qtr. / > 61.8% increase over 3rd Qtr. 2014
- \$6.25 B additional investment funds awaiting government approval

OTHER STATISTICS: From 2010-2013,

- \$9.62 B contributed to Gross Domestic Product (GDP)
- Average of 29,300 Jobs per year (over 41,000 in 2012 and 2013, respectively)
- \$2.08 B in Federal / State / Local Tax Revenue

VISAS: Last two years – cap of 10,000 Visas met

SELF-FUNDING PROGRAM!

IIUSA - Data Report / USCIS - Data Source (Regional Center Business Journal, Vol. 3, Issue 3, October 2015 (an IIUSA Publication))

What is EB-5?

- Refers to the EB-5 Immigrant Investor Program
- “5” refers to the Fifth Preference Category for Employment-Based (EB) Immigration
- Essentially, a “fast-track” (5+ years) for an Immigrant to obtain an “Unconditional” Green Card (not required to be U.S. Citizen)
- Intent of Congress – Stimulate the U.S. Economy Through Job Creation and Capital Investment
- USCIS Primary Agency Over EB-5 Program

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What are the Basic Elements of EB-5?

- IF Investor makes an “Investment” of “Capital” of \$1,000,000 (or \$500,000 for TEAs)
- In a “new” “commercial enterprise” (see NCE vs. JCE later)
- That generates (saves) at least 10 “full-time” jobs
- THEN Green Card - no conditions
- Capital must be both “at-risk” and sustained in the enterprise throughout “conditional residency” period

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NCE vs. JCE

- EB-5 Immigrant Investor makes her or his investment in a “New Commercial Enterprise” or “NCE”
 - Focal point for compliance with State and Federal Securities laws
 - The “Fund”
 - Typically affiliated with Regional Center
- Owner of Project is a “Job Creating Entity” or “JCE” and receives proceeds of Investor’s capital from NCE
- As discussed later, often (not always) NCE and JCE are separate entities

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Jobs

Three Types of Jobs:

- “Direct” – JCE actually employs the workers; the “Employer” on W-2s
- “Indirect” – JCE does not employ the workers but is responsible for the creation of the jobs nonetheless – Regional Centers
- “Induced” – Jobs created by the workers, both direct as well as indirect, that spend their increased income on local consumer goods and services – Regional Centers

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