



# GLOBAL PREMIER AMERICA REGIONAL CENTER

## Introduction to the United States EB-5 Program



U.S. Citizenship  
and Immigration  
Services

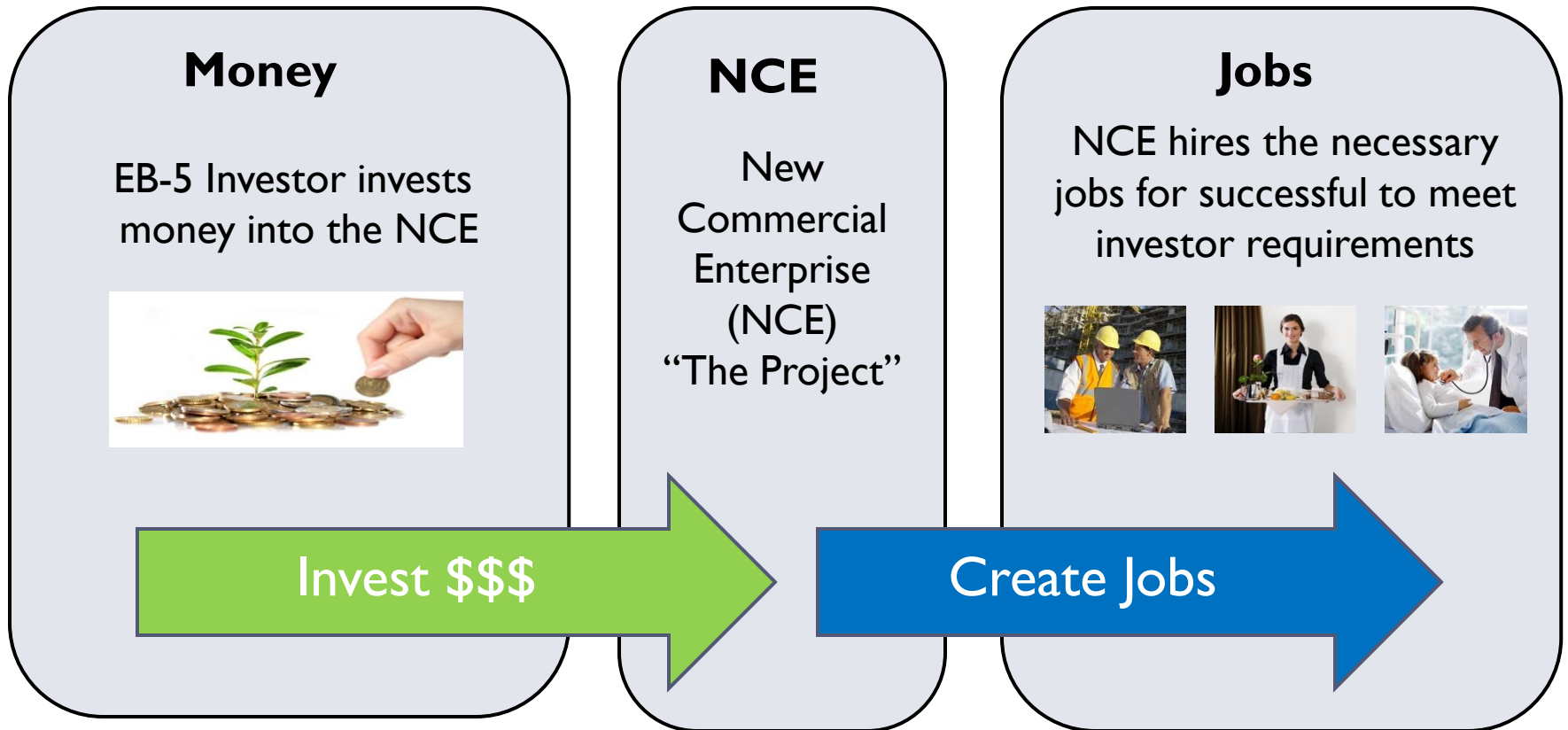


## **Introduction:**

- ▶ EB-5 is a US Immigrant visa category.
- ▶ The US Congress created the 5<sup>th</sup> employment-based preference (EB-5) immigrant visa category in 1990 for qualified foreigners seeking to invest in a business that will benefit the U.S. economy and create or save at least 10 full-time jobs.
- ▶ The basic amount required to invest is \$1 million, although that amount is reduced to \$500,000 if the investment is made in a targeted employment area (TEA).
- ▶ Of the approximately 10,000 EB-5 green cards available each year for the US, 3,000 are reserved for foreign nationals who invest through a “Regional Center.”
- ▶ In 1992, Congress enhanced the economic impact of the EB-5 program by permitting the designation of Regional Centers to pool EB-5 capital from multiple foreign investors for investment in USCIS-approved economic development projects within a defined geographic region.



## Basic EB-5 Program Flowchart





## **Capital & Jobs:**

- ▶ Minimum Capital Investment in TEA: \$500,000 (\*may increase as of October 1, 2015)
- ▶ Job Creation Requirement: 10 jobs per Investor

## **Job Creation:**

- ▶ Regional Center (RC) Responsibility through New Commercial Enterprise (NCE)

## **Green Cards:**

- ▶ 95 percent of all EB-5 capital is raised and invested through Regional Centers.

## **Structures:**

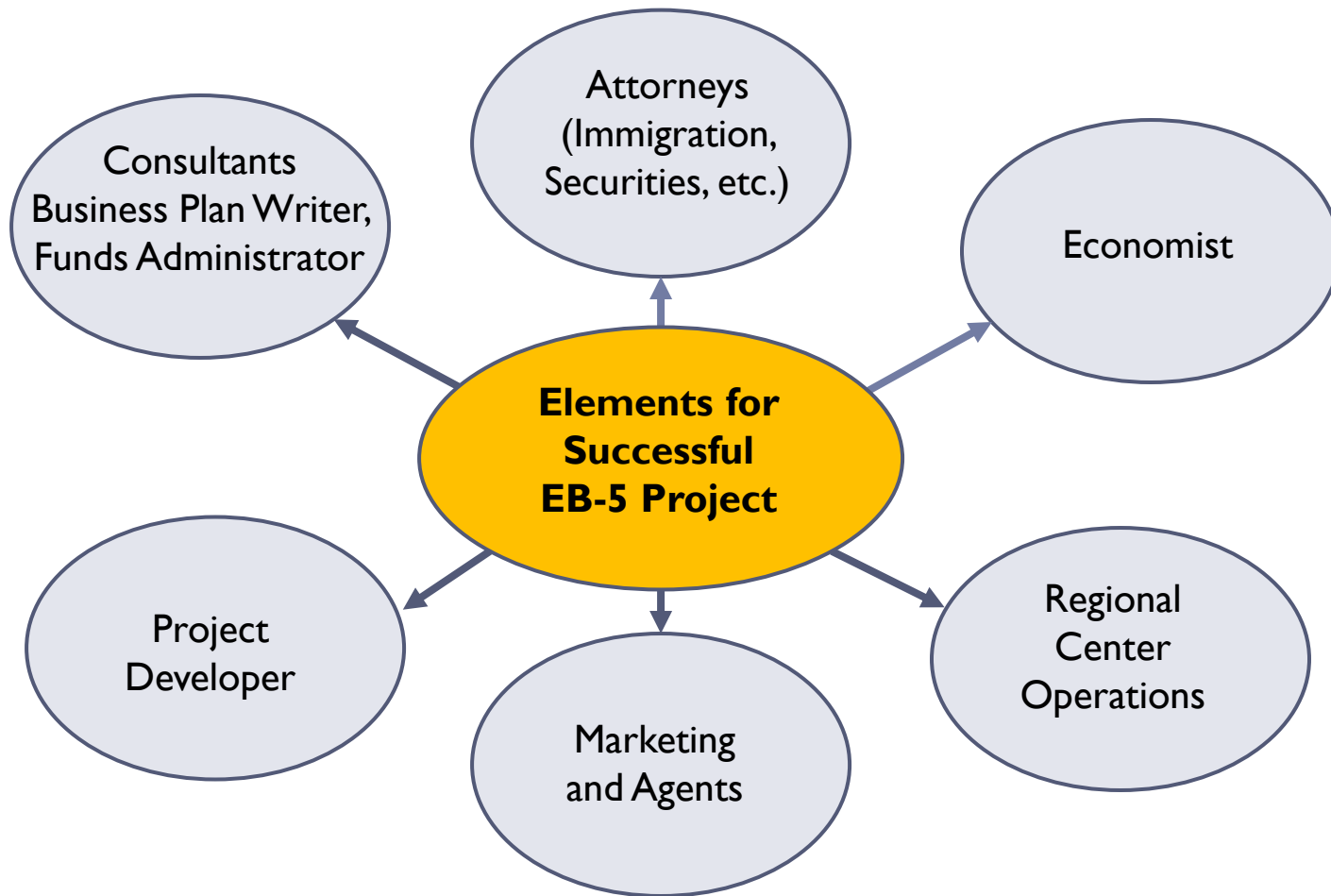
- ▶ Equity or Loan Model

## **Project Team:**

- ▶ Foreign National Investor, Regional Center, Developer, Foreign Agents/Attorneys, Immigration Attorneys, Economist, EB-5 Funds Administration Provider, i.e. NES (<http://nesfinancial.com/global-premier-america-benefits-eb-5-workflow>)



## EB-5 Project Team





## **EB-5 Growth:**

- ▶ EB-5 has grown rapidly in last five (5) years. Approximately 11,000 new I-526 petitions were filed in fiscal year 2014 representing over \$5.5 billion in new investment, an increase of 72% over the previous year.
- ▶ Since the program involves at least a five to seven year deal flow, USD\$20-\$25 Billion in new investment capital has been placed into EB-5 investment projects.

## **High I-526 and I-829 Approval Ratios:**

- ▶ U.S. Immigration approved 5,115 EB-5 petitions in the year ending September 30, 2014. For the second half of the year, only 198 were denied, reflecting an approval rate of over 91%. Final stage I-829 applications had an even higher approval rate of almost 95%.

## **China:**

- ▶ 85% of EB-5 investors come from China. 10,224 EB-5 visas will be allocated in 2015, of which 9,050 will be available for Chinese born nationals. This is slightly less than the 9,128 Chinese nationals who obtained EB-5 visas in fiscal year 2014.



## **China Retrogression:**

- ▶ A Chinese EB-5 quota, or waiting line, called “retrogression,” is certain and the China EB-5 cut-off date will start in May or June 2015.
- ▶ The waiting line for a final interview will be about 2 years.
- ▶ Cases filed before about mid-year 2013 will be eligible for final interviews in May or June 2015.
- ▶ Charles Oppenheimer, Chief of Immigrant Visa Control (US Dept. of State) estimates the US will issue a Visa Bulletin with an EB-5 cut-off date of around July 2013 for mainland China applicants and that by mid 2015 the visa line will be 2yrs. +/-, by mid 2016, line will be 2.5 yrs. +/- and by mid 2017 line will be 3 yrs. +/-.
- ▶ This is the additional time Chinese nationals will have to wait for their priority date to become active after receiving their I-526 approval.
- ▶ Cannot apply for immigrant visa during this period.



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## Targeted Employment Areas (TEA)'s only require \$500,000

- ▶ If the project is in California, a TEA requires a Governor's Office letter.
- ▶ Section 204.6(i) of Title 8, Code of Federal Regulations (CFR) governing alien entrepreneur immigrant visa petitions under the USCIS administered EB-5 visa program authorizes the state government of any state of the USA to designate a particular geographic or political area a TEA. The TEA letter must bear the seal of the California Governor's Office.
- ▶ All of Global Premier America's EB-5 Projects are in TEA's.
- ▶ The Governor's Office certification is valid one year from date of approval.
- ▶ Unemployment data is published every year on May 1st.
- ▶ I-526 Petition must be filed before the TEA expires and before law changes.
- ▶ The \$500,000 Investment in a TEA area may increase as of October 1, 2015.







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# **The EB-5 Program and Job Creation**



## Direct vs. Regional Center Projects

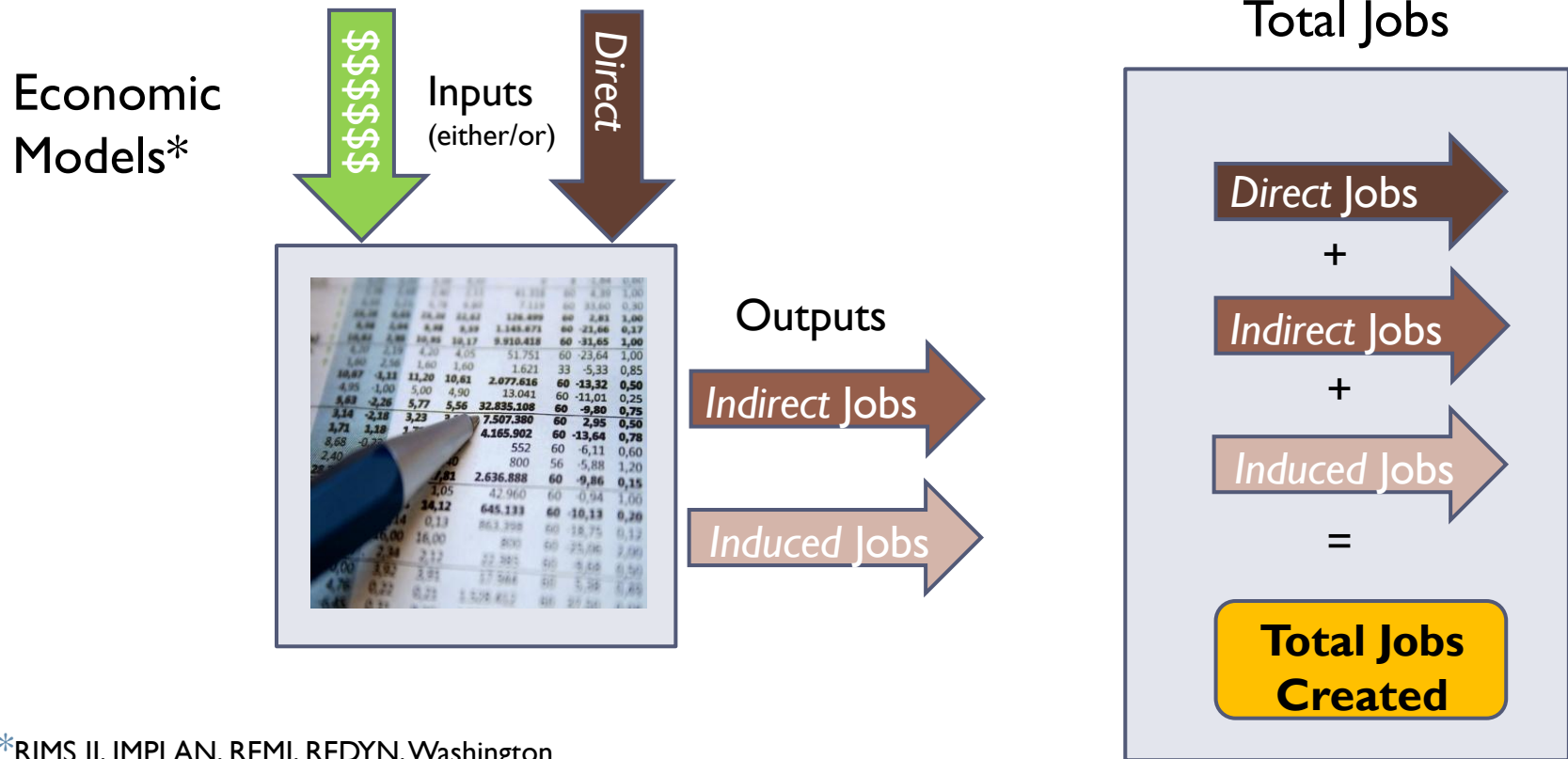
- ▶ Regional Centers Yield More Job Creation

Type of Jobs	<u>Direct EB-5 Project</u>	<u>Regional Center EB-5 Project</u>
Direct (USCIS*)		
Direct (Economists)	<b>No</b>	
Indirect	<b>No</b>	
Induced	<b>No</b>	

\* **Note:** Direct EB-5 and Regional Center EB-5 use different definitions of “direct” jobs. Direct EB-5 requires employee-employer relationship between the employee and the New Commercial Enterprise (NCE). Regional Center EB-5 does not.



## How Economists Calculate Job Creation



\*RIMS II, IMPLAN, REMI, REDYN, Washington I/O, or similar economic models



## Definition of Direct Jobs

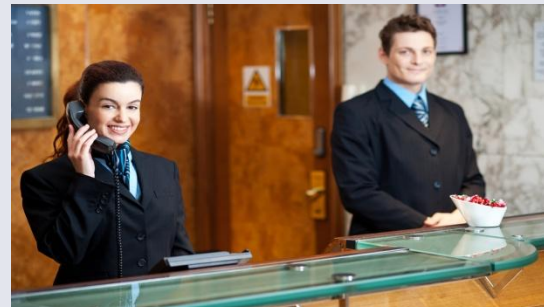
- ▶ Include “on site” recognizable jobs for qualified employees
- ▶ Direct jobs include Construction jobs and Operations Jobs
- ▶ Major EB-5 Projects provide much greater job creation for construction jobs that reasonably take at least 2 years

### Direct Construction Jobs



Construction Workers

### Direct Operation Jobs



Front Desk Workers



## Definition of Indirect Jobs

- ▶ An “Indirect” job is created via the “supplier” to the “on-site” business
- ▶ Include the equipment manufacturers or service providers used by the project

### Indirect Construction Jobs



Trash Workers

### Indirect Operation Jobs



Printing Press Workers



## Definition of Induced Jobs

- ▶ An “Induced” job is at a business that benefits from the increased expenditures of employees of both the “Direct” employer and the “Indirect” employers.
- ▶ Examples include food-service, and transportation impacts.

### Induced Construction Jobs



Shipping Company

### Induced Operation Jobs



McDonalds Fast-Food Restaurants



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# **The EB-5 Program Application Process**



## | Green Card | I-526 and I-829 Petitions

### I-526 Petition

- ▶ First application in EB-5 greencard process.
- ▶ How you apply for your 2-year temporary greencard.



### I-829 Petition

- ▶ Last application in EB-5 greencard process.
- ▶ How you apply for your permanent greencard.
- ▶ Could end up in “Removal” proceedings if jobs were not created.





## **I-526 (Promise) and I-829 (Fulfillment)**

### **I-526 Petition (Promise)**

- ▶ Did the money come from a legitimate source?
- ▶ Is the business plan comprehensive and complete?
- ▶ Are the job-creation forecasts realistic and objectively supported?
- ▶ Will the funds be invested into the “NCE” new commercial enterprise?

### **I-829 Petition (Fulfillment)**

- ▶ Has the investment been used according to the business plan?
- ▶ Were the necessary jobs created?





# **The EB-5 Program Equity vs. Loan Models**



## Typical “Equity” Model

EB-5 Regional Center



General  
Partner



EB-5 Investors



Limited  
Partners



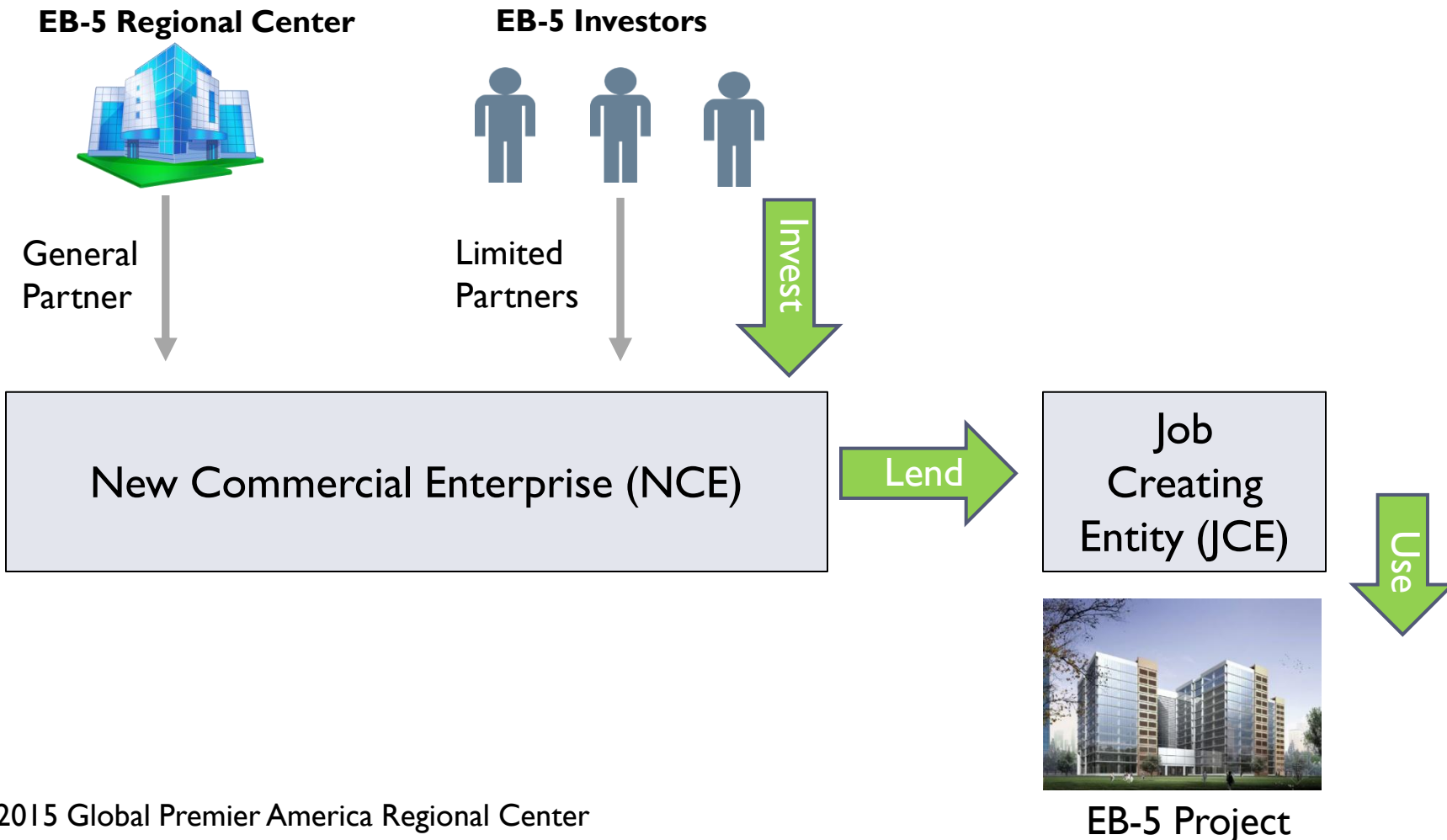
New Commercial Enterprise



EB-5 Project



## Typical “Loan” Model





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## Next Steps:

- ▶ Choose an EB-5 Project and File I-526 Petition
- ▶ Call or Email a GPARC Representative
- ▶ Visit us at [www.geb5.com](http://www.geb5.com)



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