

Introduction to the United States EB-5 Program



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and Immigration
Services

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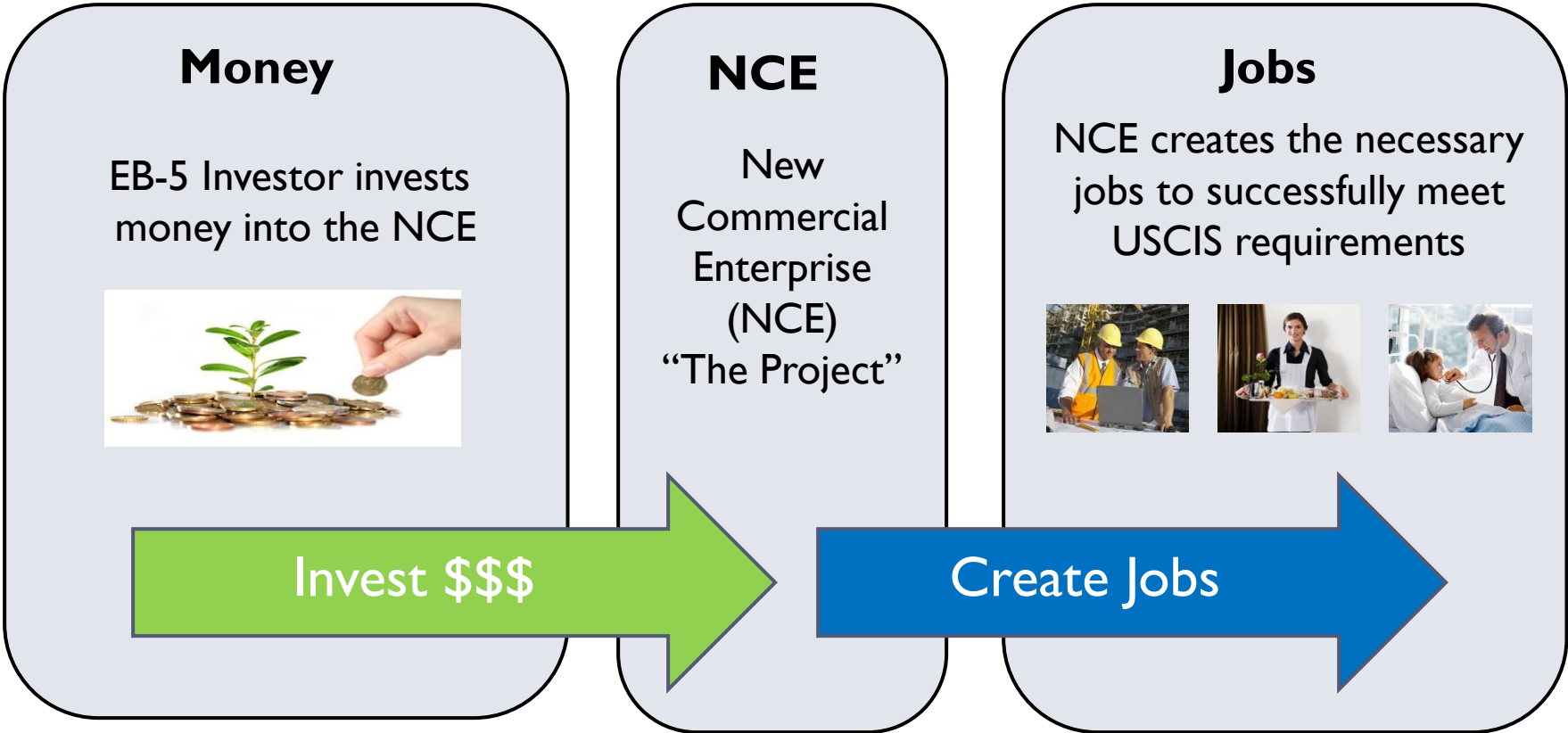
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▶ Slide 1 of 22

EB-5 Program Introduction:

- ▶ EB-5 is a US Immigrant visa category, “EB” refers to *Employment Based*.
- ▶ The US Congress created the 5th employment-based preference (EB-5) immigrant visa category 27 years ago in 1990 for foreigners seeking to invest in a business that will benefit the U.S. economy and create or save at least 10 full-time jobs per investor.
- ▶ The basic investment amount required in a Targeted Employment Area (TEA) is \$.9 million.
- ▶ 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 Investment as of end of Q-1-2020: USD\$0.9 Million
- ▶ Job Creation Requirement: 10 jobs per Investor

Job Creation:

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

USA Green Cards:

- ▶ I-526 Temporary Green Card converts to Permanent Green Card (I-829 Approval)
- ▶ 95 percent of all EB-5 capital is raised and invested through Regional Centers.

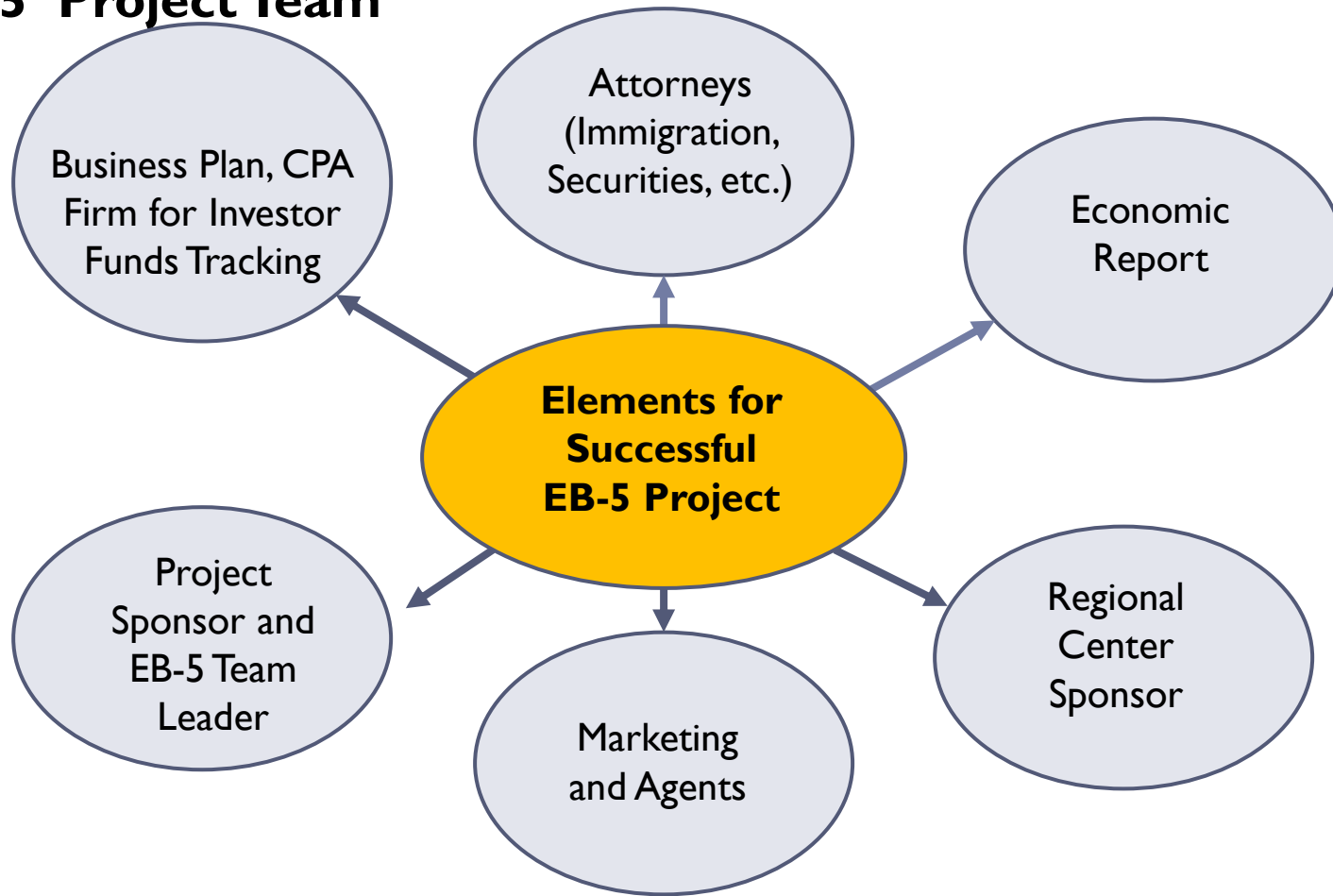
Structures:

- ▶ Equity or Loan Model are both acceptable. Investor owned Equity Model whereby EB-5 investor owns a percentage interest of the Equity in the NCE.

Project Team:

- ▶ Developer, Foreign National Investor, Regional Center, Foreign Agents/Attorneys, Immigration Attorney, Economist, Escrow, EB-5 Funds Administration, U.S. Certified Public Accounting (CPA) Firm to track Investor funds.

EB-5 Project Team



Current I-526 Petition Inventory

EB-

ESTIMATE OF I-526 INVENTORY AS OF 10/1/2019

I. Estimated I-526 Inventory as of 10/1/2019,
based on 10/1/19 DOS estimate of applicants

with petition on file at USCIS

II. Estimated I-526 Inventory as of 10/1/2019 by year of priority date,

based on USCIS report as of 10/1/2018, less total I-526 processed in FY19

assuming FIFO processing in FY19 (though it certainly wasn't exactly FIFO in reality)

	A		B	C	D=A-B-C
<i>Origin of Principal Applicant</i>	<i>Estimated total I-526 pending as of 10/1/2019</i>	<i>Percent Total</i>	<i>with FY2017 priority dates</i>	<i>with FY2018 priority dates</i>	<i>with FY2019 priority dates</i>
China Mainland	6,135	45%	2,415	2,212	1,508
Vietnam	1,053	8%	218	761	74
India	2,114	15%	278	1,167	669
South Korea	851	6%	51	371	429
China Taiwan	573	4%	68	255	250
Brazil	313	2%	52	173	88
Rest of World	<u>2,724</u>	<u>20%</u>	<u>403</u>	<u>1,159</u>	<u>1,162</u>
Worldwide Total	13,763	100%	3,485	6,098	4,180
All except China	7,628		1,070	3,886	2,672
Vietnam	6,575		852	3,125	2,598
All except China, Vietnam, India	4,461		574	1,958	1,929

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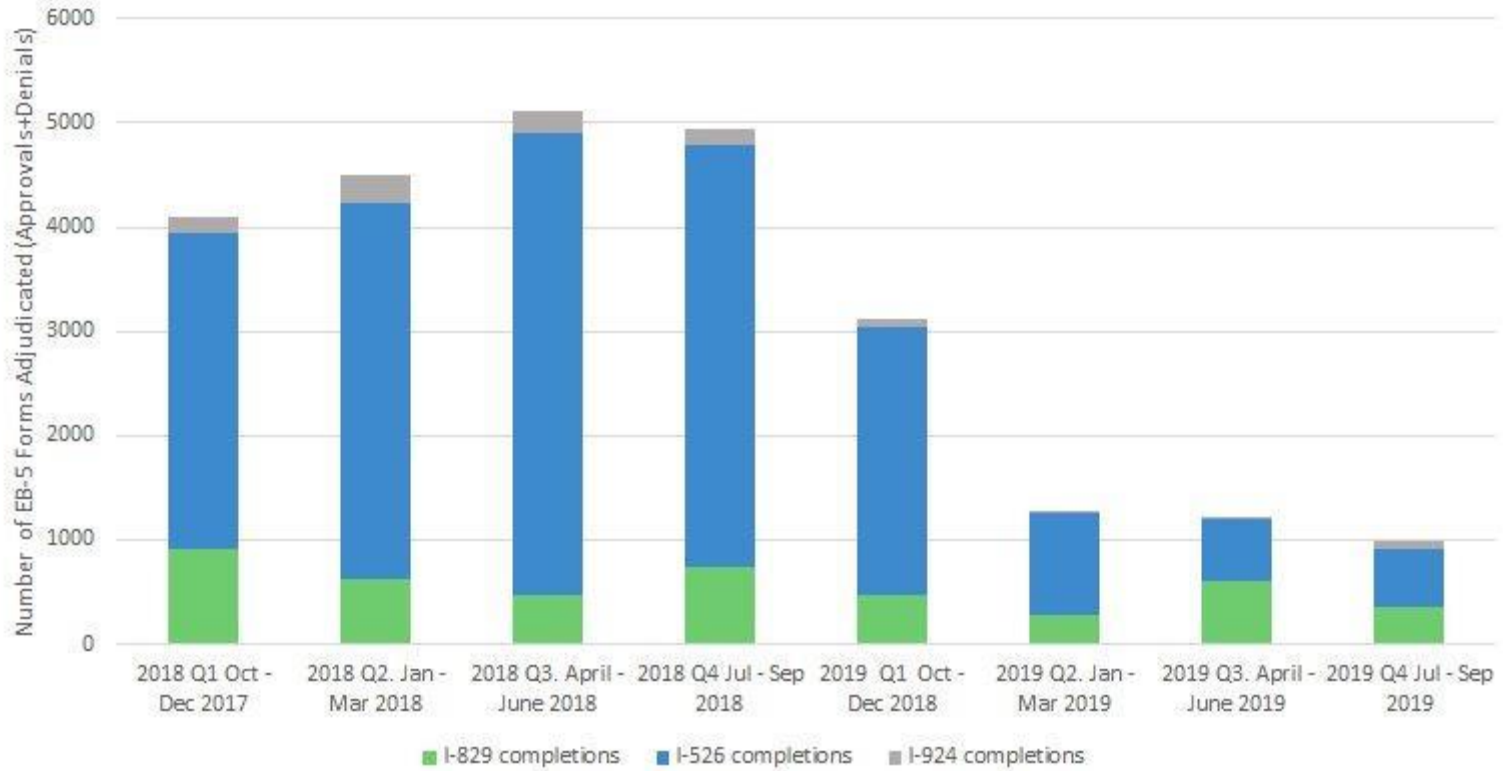
EB-5 Wait Times (2020)

The impact on I-526 wait times, for majority and minority countries, will depend on how IPO interprets visa availability – but even more, on IPO’s decisions about volume of adjudications. If IPO exercises its ability as in 2018 to adjudicate over 15,000 I-526 Petitions per year, then minority-country I-526 can all be processed in a few months, and majority country petitions not far behind. But in 2019, IPO approved only 3,660 I-526. If that low performance level continues then IPO could use up its entire capacity for the year just working on minority-country petitions. That would significantly delay majority country-petitions. 3,660 is almost exactly the minimum number of annual I-526 approvals needed to produce enough applicants for the 10,000 annual visa quota, given the historical average visas per principal (3). IPO could take the visa quota as an excuse to let the backlog of I-526 Petitions wait for availability of visas.

USCIS Performance 2018 – 2019

IPO Performance, FY2018 to FY2019

\$90



Data source: <https://www.uscis.gov/tools/reports-studies/immigration-forms-data>

Chart by blog.lucidtext.com

EB-5 Processing Times & Visas

I-526 Processing: Estimated time range of 29 to 45.5 months

I-829 Processing: Estimated time range of 25.5 to 40.5 months

I-924 Processing: Estimated time range of 22.5 to 44 months






U.S. Annual Visas

USCIS reserves about **10,000** visas for EB-5 investors each fiscal year. Of the 10,000 annual visas:

- No more than 7 percent of any group of employment-based immigrants can come from a single nation.
- 7% of 10,000 = 700
- Note: Not all countries use the 7%, so the visas are placed back in the pool

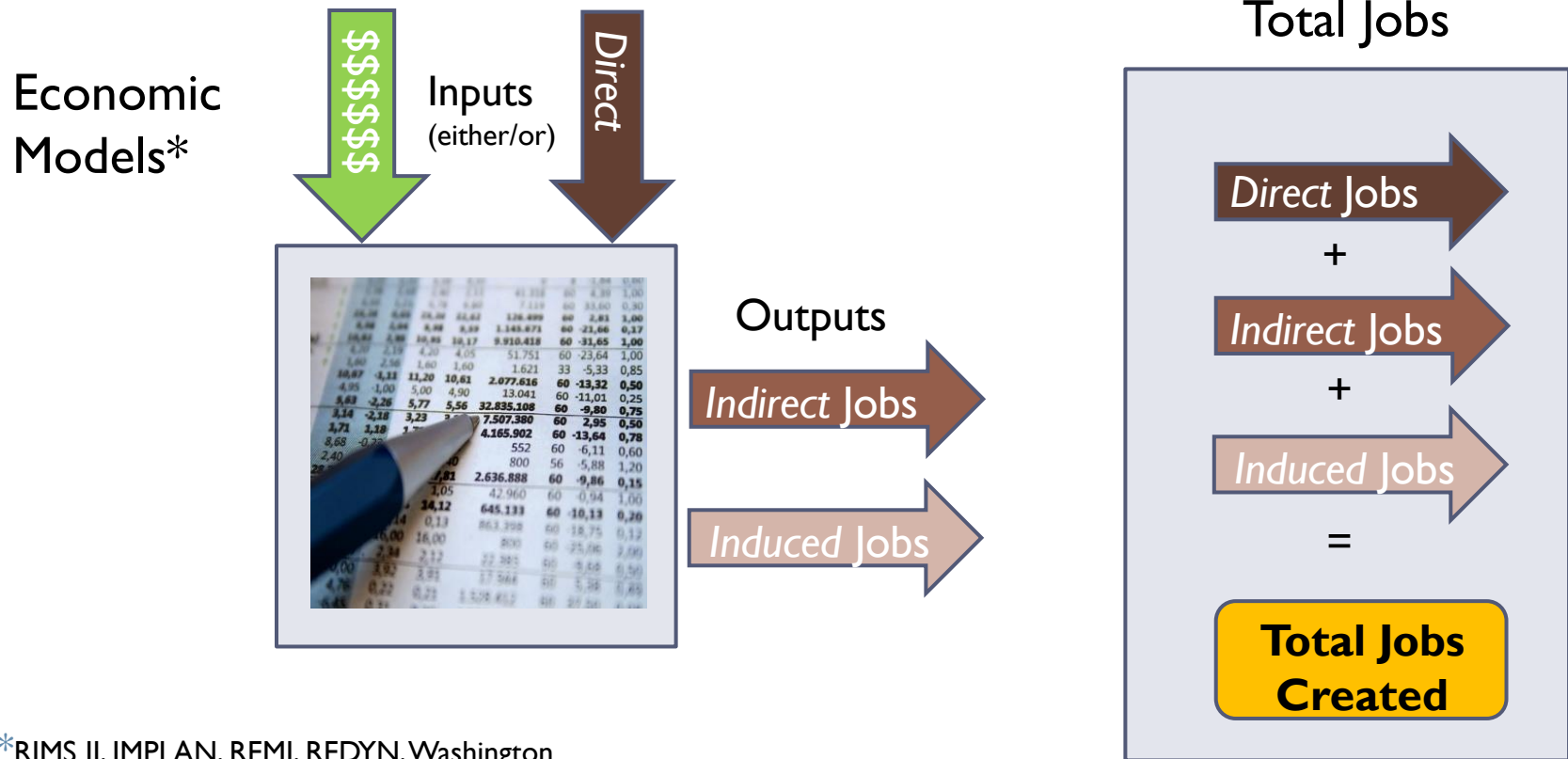
Regional Center Sponsor, Higher Job Yield

- ▶ 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)	No	
Indirect	No	
Induced	No	

* **Note:** RC Sponsored EB-5 does not require employee-employer relationship between employee and the New Commercial Enterprise (NCE), revenue is driven via economic models.

Economists Calculate Job Creation



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

Definition of Direct Jobs

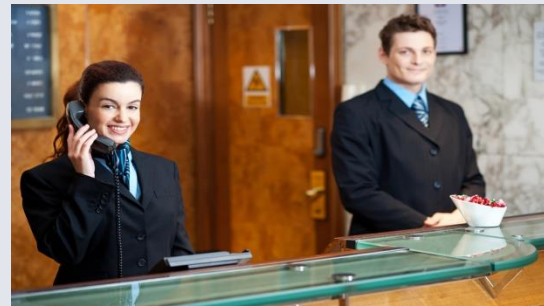
- ▶ Include “on site” recognizable jobs for qualified employees
- ▶ Direct jobs include Construction and Property Management Jobs
- ▶ EB-5 Projects provide job creation via new home construction, property management and other jobs via Rollover of US Properties to Help Yield Higher Job Creation Numbers

Direct Construction Jobs



Home Remodel Construction Workers

Direct Operation Jobs



Property Management Workers

Definition of Indirect Jobs Created

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

Indirect Construction Jobs



Trash Workers

Indirect Operation Jobs



Printing Press Workers

Definition of Induced Jobs Created

- ▶ An “Induced” job is at an outside business that benefits from the increased expenditures of employees of both the “Direct” employer and the “Indirect” employers such as food-service providers, transportation jobs impacts.

Induced Construction Jobs



Shipping Company

Induced Operation Jobs



McDonalds Fast-Food Restaurants

The EB-5 Program Application Process

| Green Card | I-526 and I-829 Applications [Petitions]

I-526 Application

First application in EB-5 greencard process.

- ▶ Immigration Attorney applies for your 2-year temporary greencard.



I-829 Application

Last part of EB-5 greencard process.

- ▶ Immigration Attorney applies for your permanent greencard.
- ▶ Could end up in “Removal” proceedings if jobs were not created.
- ▶ Rollover Program helps mitigate job creation risk due to Rollover of Capital

I-526 (the Promise) and I-829 (the Fulfillment)

I-526 Petition (Temporary)

- ▶ 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 \$\$ only be invested into the “NCE” new commercial enterprise?
- ▶ Take every measure to mitigate these risks by Utilizing Experienced EB-5 Practitioners

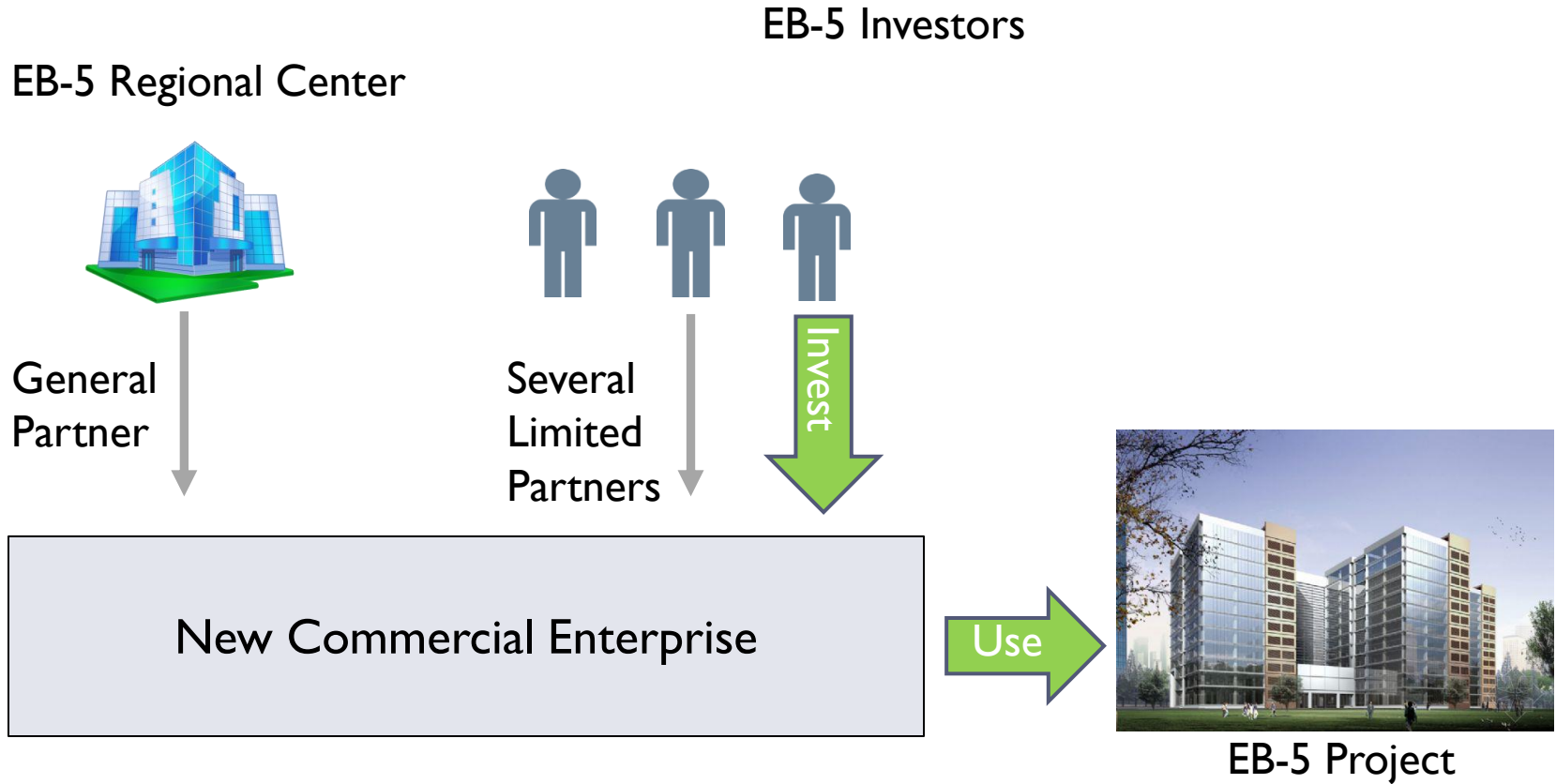
I-829 Petition (Permanent)

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

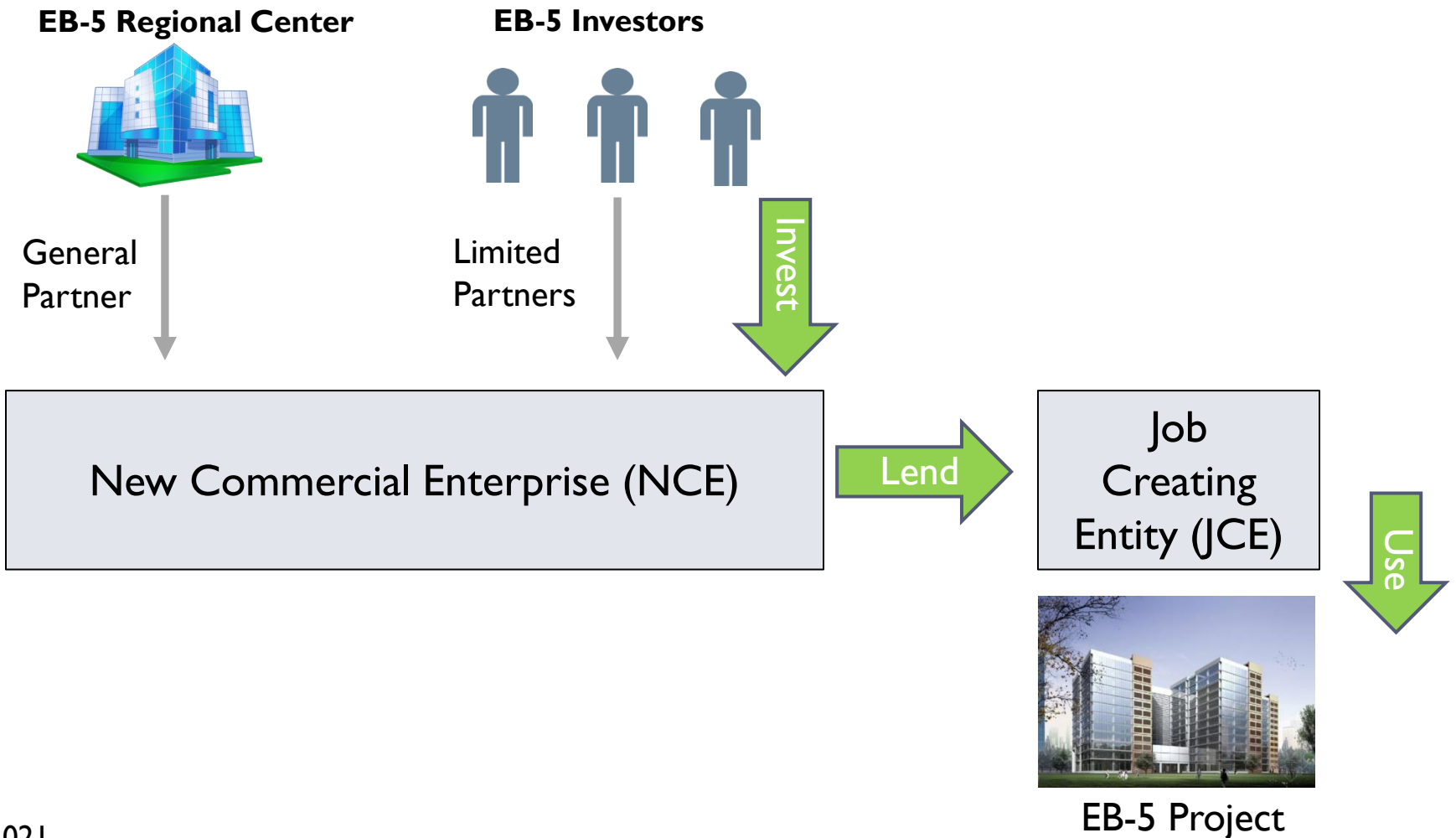


The EB-5 Program Equity vs. Loan Models

Typical “Equity” Model



Typical “Loan” Model



Contact:

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- ▶ TEA USD \$.9 Million
- ▶ United States EB-5 Project
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