



## **Frequently Asked Questions about EB-5 Regional Center Investments**

### **What is a EB-5 Regional Center?**

An EB-5 Regional Center is an organization, designated and regulated by USCIS, which facilitates investment in job-creating economic development projects by pooling capital raised under the EB-5 immigrant investor program. Regional centers can be publicly owned, (e.g. by a city, state, or regional economic development agency), privately owned, or be a public-private partnership.

### **What do Regional Centers do?**

- Identify investment opportunities that will create jobs in local communities, often in partnership with economic development agencies.
- Assist in marketing those investment opportunities to investors from around the world.
- Ensure that the investment offering complies with federal and state securities laws and SEC regulations as well as specific EB-5 requirements.

### **How are EB-5 investments affiliated with Regional Centers structured?**

EB-5 investments that are affiliated with EB-5 Regional Centers are made through private placements - the sale of securities to a relatively small number of select investors. Like all private placements, which are used by companies to raise capital in a number of contexts, EB-5 private placements are governed by federal and state securities laws and regulations.

A private placement memorandum is developed that details the investment offering, including detailed explanations of the project that will be funded along with disclosures of risk and material information consistent with all applicable federal and state laws. The economics of the project related to EB-5 specifically – the expected job creation – are also detailed in the memorandum. In some cases, the issuer of the private placement memorandum is an EB-5 Regional Center itself. In other situations, the issuer is business entity that will be receiving the investment funds and is affiliated with a Regional Center.

### **What risks do investors face in EB-5 regional center investments?**

By law, EB-5 investments must be “at risk” in the same way that any equity, stock or other type of investment carries inherent risk. Regional centers, like other entities that market investment opportunities, cannot guarantee a return on investment. Regional Centers also cannot guarantee return of the investment principal to the investor.

### **What kind of financial commitment do EB-5 investors make?**

By law, an EB-5 investor is required to invest a minimum of \$1.05 million, unless the investment is located in a Targeted Employment Area (TEA) – a rural area, area of high-unemployment, or an infrastructure project designated by USCIS. Regional Centers funding projects in TEA’s can accept a minimum of \$800,000 from each EB-5 investor.

### **What risk do companies have in accepting EB-5 investments?**

Companies bear no additional risk for EB-5 investment. They interact with the money as any other equity or financing investment, albeit often at a lower cost.

### **Are EB-5 regional center financing options cheaper for companies than other sources of capital?**

In many instances, EB-5 funding is a lower-cost form of capital than alternatives because investor demand for return on their investment is often lower for EB-5 capital than other sources of capital. In addition, securing EB-5 capital increases the overall liquidity of a business or project which, in turn, reduces the cost of acquiring capital from other sources.

### **How do EB-5 regional centers help communities?**

EB-5 Regional Centers facilitate direct investment in projects that meet the job creation and economic development goals of designated geographic areas. Regional Centers pool investments made by multiple EB-5 investors and deploy that capital to large-scale projects, often in coordination with regional economic development agencies.