



EB5 Plus Immigration Law

Immigration Lawyers+ for Investors, Entrepreneurs and Startups

EB-5 REGIONAL CENTER: WHAT, WHY AND HOW?

What is a Regional Center?

A Regional Center (RC) is defined as any economic entity, public or private, which is involved with the promotion of economic growth, improved regional productivity, job creation and increased domestic capital investment. An entity must submit an application to USCIS to become designated as a RC.

The Congress created the EB-5 Regional Center program in 1992.

Why Invest in a Regional Center-sponsored Project (for Investor) and Why Set Up a RC (for Project)?

From an **investor's perspective**, the requirements for investing in a Regional Center-sponsored program are essentially the same as in the "direct" EB-5 investor program. However, many investors believe an investment in a RC-sponsored project is "safer" than a direct investment because regional center projects (1) can create jobs through indirect and direct methods (see below); (2) are often backed by large institutions (e.g., a major hotel chain or a government entity); and (3) have greater access to alternative sources of funding. Investors tend to think these factors increase the likelihood of obtaining permanent residence through EB-5.

From a **project's perspective**, there are several advantages to operating under a RC, including (1) RC-sponsored projects can take advantage of a more expansive concept of job creation including "direct", "indirect" and "induced" jobs; (2) RC-sponsored projects can take advantage of equity and fund provider (i.e., loan) capital structures thereby providing projects with greater operational flexibility; (3) RC-sponsored projects may obtain Project pre-approval by filing Exemplar applications; and (4) a RC generally provides a framework for EB-5 record keeping.

How to Become a Regional Center?

Preparing a RC application is a complex undertaking requiring the services of an EB-5 attorney, securities attorney, corporate attorney, an economic analyst and a business plan writer. The RC application must demonstrate that the regional center will operate Projects in and have a positive economic impact on a geographical region within the United States. These impacts must be demonstrated through verifiable details of an Overall & Comprehensive Business Plans and Economic Impact Reports. The organizers of a regional center must invest operating funds into the entity.

"Rent" a Regional Center

Businesses have the option of associating with a Regional Center whereby a RC can "sponsor" a project in which it does not have ownership interest. Project principals (i.e., business owners) enter into a sponsorship (i.e., rental) agreement with a Regional Center; the details of the rental agreements are not governed by EB-5 regulations and are negotiated between the parties.

EB-5 Plus helps businesses determine whether establishing or renting a Regional Center is appropriate for and beneficial to their business model and growth plans. When establishing a Regional Center is advantageous for a client, **EB-5 Plus** provides immigration counsel and coordinates the services of third-party professionals to ensure EB-5 compliance.