

# EB-5 Comparison Chart

	Job Creation	Investment	Involvement
<b>Stand-alone</b>	<p><i>Direct employment:</i></p> <ul style="list-style-type: none"> <li>• Creation of 10 jobs within 2 years</li> <li>• Establish an employer-employee relationship</li> </ul>	<p><i>\$500,000* or \$1 million investment</i></p> <p>*Targeted employment area investment level</p>	<p><i>Cannot be passive investor:</i></p> <ul style="list-style-type: none"> <li>• Day-to-day managerial responsibility OR</li> <li>• Through policy formulation</li> <li>• Required to prepare all supporting documents, including a business plan</li> </ul>
<b>Regional Center</b>	<p><i>Direct or indirect employment:</i></p> <ul style="list-style-type: none"> <li>• Creation of 10 jobs within 2 years</li> <li>• Indirect jobs: includes jobs created because of the growth of your business; example: contractors hired to complete construction on project, producers of materials, etc.</li> </ul>	<p><i>\$500,000* or \$1 million investment:</i></p> <ul style="list-style-type: none"> <li>• Pooled investment</li> <li>• Based on census tract location</li> <li>• *Targeted employment area or rural area</li> </ul>	<p><i>Optional:</i></p> <ul style="list-style-type: none"> <li>• Day-to-day management of the business; supporting documents provided</li> </ul> <p><i>Mandatory:</i></p> <ul style="list-style-type: none"> <li>• Employment by investment enterprise OR</li> <li>• Advisory capacity similar to limited partner</li> <li>• Rights and responsibilities of a limited partner</li> </ul>

## Definitions:

- **Targeted employment area:** area facing unemployment of 150% of the national average
- **Rural area:** area not within metropolitan statistical area or outer boundary of a city or town with a population of 20,000 or more
- **Regional center:** any economic unit, public or private, which is involved with the promotion of economic growth, including increased export sales, improved regional productivity, job creation, and increased domestic capital investment



## **Tips for Choosing an Investment:**

### **Prior to Project Start:**

- Consider smaller projects to mitigate the risk of failure.
- Consider estimated return on investment.
- Examine the economist's assessment of the economic development and job impact of a project (projected based on expected project expenditures).
- Conduct due diligence report on ownership structure and asset valuation to determine risk factors.

### **Financial Considerations:**

- Check that there is developer equity, so the project is not totally funded by EB-5 investment funds.
- Examine hierarchy of payout in case of default

### **Regional Center Considerations:**

- Look at the history of the Regional Center promoter, not only in this project but previous projects.
- Make a financial risk and project feasibility assessment.
- Review the subscription agreement thoroughly and get an independent attorney to review.

## **Additional EB-5 Considerations**

