

EB5 & Company Risk Management Framework

by Rob Donnelly

The USCIS EB-5 Program is an immigration by investment path to US Residency. A rigorous and thoughtful approach to risk management is imperative. Our framework for categorizing and identifying both immigration and investment risk factors should help investors on their journey through the process.

IMMIGRATION RISK FACTORS

Regulatory for Regional Investment Center



Target Employment Area and Confirmation



- Regulatory for Project
- Job Creating Entity (JCE)
 - New Commercial Enterprise (NCE)
 - Matter of Ho Business Plan

Completion Guarantee by General Contractor



Jobs Calculation and Buffer

INVESTMENT RISK FACTORS

Location, Location, Location



Product and Market Feasibility

Investment Structure

- Debt vs. Equity
- Capital Stack
- Balance Sheet Priority



Economics and Ratios

- Total Basis
- Ratio Analysis: Loan to Value, Loan to Cost, and Debt Service Coverage Ratio (DSCR)
- Cash Flow Analysis

Equity Investor Strength



Macro & Micro Economic Factors



Contingency Plan to Protect Investor Capital



Developer Experience (construction)



Operator Experience (post-construction)



Fully Financed