

Regional Center Due Diligence for EB-5 Investors

A comprehensive guide from EB5 Attorneys

Choosing the right regional center project is one of the most consequential decisions an EB-5 investor will make. While the regional center pathway offers significant advantages, including indirect job creation counting and passive investment structures, it also introduces risks that demand careful evaluation. Not all regional centers are equal in their track record, compliance history, or project quality. Investors who conduct thorough due diligence before committing capital protect both their financial investment and their immigration outcome. This guide explains what regional centers are, how to evaluate them, and what warning signs to watch for.

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What Regional Centers Are and How They Work

A regional center is an entity designated by USCIS to sponsor EB-5 investment projects that promote economic growth within a defined geographic area. Regional centers pool capital from multiple EB-5 investors and deploy it into commercial projects such as real estate developments, infrastructure projects, or operating businesses. The primary advantage of investing through a regional center is the ability to count indirect and induced jobs toward the 10-job requirement, in addition to direct employment. This broadened job creation calculation is based on economic modeling, typically using methodologies accepted by USCIS such as RIMS II or IMPLAN. Under the EB-5 Reform and Integrity Act of 2022, regional centers must undergo enhanced oversight, including annual audits and compliance certifications.

Evaluating a Regional Center's Track Record

Before investing, examine the regional center's history with USCIS. Key indicators include the number of I-526E petitions approved for prior projects, the number of I-829 petitions successfully adjudicated, the center's designation history with USCIS, and whether it has faced any compliance actions or termination proceedings. A regional center with multiple completed project cycles and successful I-829 approvals demonstrates a proven ability to deliver both the immigration benefit and capital deployment. Ask for specific data: how many investors have received unconditional green cards through the center's projects, what percentage of petitions have been denied, and whether any projects have experienced significant delays. Be cautious of newly formed regional centers with no track record, even if their marketing materials are polished.

Understanding Job Creation Models and Economic Analysis

The economic analysis supporting job creation is a critical component of any regional center project. USCIS requires a detailed economic impact study demonstrating that the project will generate the required number of jobs per investor. The analysis should use accepted methodologies and realistic assumptions about project expenditures, revenues, and economic multipliers. Review the business plan's financial projections for reasonableness. Overly optimistic revenue forecasts or unrealistic construction timelines can undermine the job creation analysis. Ask whether the project generates a surplus of jobs beyond the minimum required, as a job creation cushion protects investors if actual economic activity falls short of projections. Independent economic reports from qualified firms carry more weight than analyses prepared by the regional center's own staff.

Capital Structure, Risk, and Repayment Terms

EB-5 investments must be at risk to qualify, meaning guaranteed returns or principal protection arrangements are not permitted. However, the specific terms of the investment vary significantly between projects. Review the offering documents to understand the capital structure: is the EB-5 capital structured as equity, debt, or a hybrid? What is the priority of repayment relative to other creditors? What are the projected returns, if any, and over what timeline? Understand the exit strategy for your capital after the I-829 is approved. Some projects offer a defined repayment timeline, while others depend on project completion, refinancing, or sale of assets. Consult with both immigration counsel and a securities attorney or financial advisor to fully understand the investment terms before committing funds.

Red Flags and Warning Signs

Certain patterns should raise immediate concern when evaluating a regional center project. Guaranteed returns or promises of principal protection violate EB-5 requirements and suggest the project operator does not understand or is not complying with program rules. Pressure to invest quickly without adequate time for due diligence is a common tactic used by projects that cannot withstand scrutiny. A regional center that refuses to provide detailed financial projections, prior approval statistics, or references from existing investors may have something to hide. Prior USCIS termination or compliance actions against the regional center require careful investigation. Projects where the developer has limited experience in the industry or geographic area of the project carry elevated risk. Overly complex capital structures that obscure how investor funds are deployed should also prompt additional scrutiny.

Frequently Asked Questions

1. How many regional centers are currently designated by USCIS?

The number of designated regional centers fluctuates as new centers receive approval and others are terminated or voluntarily withdraw. As of 2024, there are several hundred designated regional centers across the United States. USCIS maintains a list of approved regional centers on its website, which investors should consult to verify a center's current designation status.

2. What happens if my regional center loses its USCIS designation?

If a regional center's designation is terminated, pending I-526E petitions associated with that center may be denied unless the investor can demonstrate that their individual petition still meets all requirements. The EB-5 Reform and Integrity Act provides certain protections for investors in terminated regional centers, but the specifics depend on the timing and circumstances of the termination. This risk underscores the importance of choosing established regional centers with strong compliance records.

3. Should I hire my own attorney or use the regional center's recommended attorney?

You should always retain your own independent immigration attorney rather than relying solely on counsel recommended by the regional center. An independent attorney represents your interests exclusively and can provide objective analysis of the project's merits and risks. Regional center recommended attorneys may have conflicts of interest, though many are highly qualified. Having your own counsel review the offering documents and immigration filings provides an essential layer of protection.

4. How do I verify a regional center's claims about its track record?

Request specific data including the number of I-526E and I-829 approvals, denial rates, and the number of investors who have received unconditional green cards. Ask for references from prior investors who have completed the process. Verify the regional center's USCIS designation status on the USCIS website. Consult with independent EB-5 industry analysts and review any available third party evaluations of the center's projects.

Disclaimer: This guide is provided for general informational purposes only and does not constitute legal advice. Every immigration case is unique. Consult a qualified immigration attorney for advice specific to your circumstances.

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