EB-5 Financing Lawyer: More than $1.5 billion of EB-5 construction financing closed for JMBM clients

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EB-5 construction financing closed for JMBM clients
by Jim Butler, Hotel & EB-5 Finance Lawyer

EB-5 is a proven means of financing for development projects.

EB-5 financing is an important and viable source of construction financing for hotels, hotel enhanced mixed-use, and other development projects. Eight years ago, when JMBM started helping hotel developers with EB-5 financing, many worried about whether this is a legitimate and reliable financing source.

Now, after billions of dollars of development have been funded with EB-5, this type of financing is regarded as mainstream. It is used by many institutional players, including government entities such as port authorities, major hotel brands like Marriott and Hilton, and some of America’s most successful and respected companies, such as Great Wolf Resorts, the Related Companies and Silverstein Properties.

As an active source of EB-5 funding for select developers, JMBM’s Global Hospitality Group® team has been busy too. We caught up with Jim Butler and David Sudeck for an update on recent developments in this area as summarized in the Q & A below.

Q: How much EB-5 financing has JMBM provided to its clients?

By mid-2017, the JMBM Team has closed more than $1.5 billion in EB-5 financing for our clients’ development projects, and we sourced more than half of that amount.

Over the last 8 years, we have worked on more than 100 EB-5 projects, primarily representing developers in securing and closing their EB-5 financing projects all over the country; this includes high profile locations in California, Florida, New York, and Texas, but also in more bread-and-butter locations including Georgia, Nebraska and Maryland.

Q: That is more than $1.5 billion in EB-5 financings closed and more than half of that sourced by JMBM. What do you mean by “sourced”?

The “sourcing” is a process. What we do depends on the client. Typically, we help the client position and structure itself and the project for optimal EB-5 financing — presenting the best profile to get the fastest and most certain funding of the largest amount feasible. It includes identifying and introducing our client to one or more appropriate funding sources,
Q: Who is the ideal client for JMBM in EB-5 financing?

We are looking for quality, not quantity. We only want to work with a small number of top developers — great developers with superior track records and solid projects. We do not accept any engagement to work on an EB-5 project unless we believe there is a very great probability that we can close the deal. We still have a 100% track record of success.

Q: How much money can you help source for a project?

Most of the financings we have arranged to date have been in a sweet spot ranging from $20 million to $125 million. But we are working with lenders who can do some smaller deals—closing one recently in the $10 million range, and we closed one project for more than $450 million.

Of course, there are other critical factors in sizing the EB-5 financing. For example, the total loan-to-cost ratio generally should not be more than 80% to 85%, and the EB-5 loan should not be more than 25% to 35% of total project costs. But there is a big range of projects we work on.

We have closed five EB-5 financings for one client! After the first closing, subsequent financings tend to be much faster and more efficient.

How to get help evaluating and executing on EB-5 financing.

We have a lot of practical experience in helping our developer clients raise EB-5 funding. If you would like some help to evaluate whether EB-5 could work for you, or what strategy is best for you, then give us a call. There is no cost for an initial discussion.

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For more information about EB-5 financing, including the latest updates, go to www.HotelLawBlog.com, scroll down the right-hand side under LEARN MORE ABOUT and click on “EB-5 Financing” where you will find all the articles on the subject.

For your convenience, here are a few popular EB-5 articles that may be of interest:

President’s Trump’s budget deal includes extension of EB-5 through 12-8-17

The Hotel Developer’s EB-5 Handbook

FAQs: Essentials of EB-5 construction financing for developers
EB-5 construction financing term sheet for top developers

More than $1.5 billion of EB-5 construction financing closed for JMBM clients

Are hotels still the darling of EB-5 financing?

The 5 questions every developer is asking about EB-5 financing

Tips to avoid the 6 most common mistakes developers make with EB-5

Why you do NOT want to form your own regional center

What does JMBM do to help with EB-5 construction financing?

This is Jim Butler, author of www.HotelLawBlog.com and hotel lawyer, signing off. Please contact us if you would like to discuss any issues that affect your hotel interests or see how our experience might help you create value and avoid unnecessary pitfalls. Who’s your hotel lawyer?

Jim Butler is a founder of the JMBM law firm and chairman of its Real Estate Department. He founded and chairs the Firm’s Global Hospitality Group® and its EB-5 Finance Group which provide business and legal advice to owners, developers and investors of commercial real estate, particularly hotels, resorts, restaurants, spas and senior living. This advice covers purchase, sale, development, financing, franchise, management, labor & employment, litigation, ADA, IP, and EB-5 matters for such properties.

Jim is recognized as one of the top hotel lawyers in the world and has led the Global Hospitality Group® in more than $87 billion of hotel transactions and more than 3,900 hotel properties located around the globe. They have helped clients with more than 1,000 hotel management agreements, 1,000 hotel franchise agreements and more than 100 hotel mixed-use projects.

JMBM’s EB-5 Finance Group has advised on more than 100 EB-5 projects, closed more than $1.5 billion of EB-5 financing, and sourced more than half of that for our clients. EB-5 Investors Magazine named Jim one of the top 25 EB-5 lawyers in the United States, and Jim serves on the Public Policy Committee of the IIUSA, the EB-5 industry’s trade group for regional centers.
David Sudeck is a partner at JMBM, and a senior member of its Global Hospitality Group® and real estate department with extensive experience handling all types of commercial residential properties, including the complex issues associated with hotels, resorts, vacation ownership properties, restaurants, golf courses and spas. David represents clients in the purchase and sale, development, construction, financing (with extensive experience in EB-5 financing), leasing, and sale-leaseback of properties, and advises them on their operations, including management and ADA compliance issues.

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Hotels we have worked on over the years. Visit our hotel photo gallery to see some of the more than 3,900 properties around the globe that the hotel lawyers of the Global Hospitality Group® have been involved with, on behalf of our clients. For a more comprehensive list of hotels properties and projects we have worked on, see our Credentials.