

Quick Takes

MARCH 2012

Quick Takes: Time Running Out on NMTC & EB-5

On February 23, 2012, the CDFI fund announced the community development entities (CDEs) selected to receive tax credits under the ninth round of the New Markets Tax Credit (NMTC) program. 70 CDEs received \$3.6 billion in allocations. However this will be the last round of allocations unless the program is extended for 2012 or made permanent (2011 allocations, and certain other prior allocations, can still be used through 2016 under current law).

If you have a new economic development project and want to use NMTC to help fund it, this could be the hardest year in the history of the program to try to get the allocation you need. Here's what's working against you-

1. The big banks, who perpetually ask for allocation, got higher awards this year (and the banks typically already have their pipelines full).
2. The non-bank CDEs have less allocation overall (those who have received allocations in the past have a pipeline, and those who are first time awardees are swamped with applications).
3. Each year more and more borrowers are applying for allocation to the CDEs.

If you are a would-be NMTC borrower, you should view the next 4 weeks as the critical time to get engaged with a CDE and get in line for allocation before there is none left.

There is also new pressure on using EB-5 immigrant investor funding for economic development projects. There are 10,000 EB-5 visas available annually under the program (which expires at the end of September 2012, although extension is expected). Historically, usage of the visas has never come close to the maximum. However, as the program has become more popular, usage has increased to the point where over 2,300 EB-5 visas were issued in the first quarter of fiscal year 2012 (i.e., since October 1, 2011). At this rate, the program will be fully subscribed, or even oversubscribed, for the first time ever this fiscal year.

For Regional Centers wanting to raise EB-5 capital for projects, for communities wanting to host that

investment, and for foreign investors wanting to make that investment, it looks better to act sooner rather than later.

We will provide more information on these time-sensitive matters at the Sidebar Conference on In-Sourcing Capital in Atlanta on March 23, 2012 and in Savannah on March 30, 2012. Registration information is below, but if you have any questions or comments in the meantime, please do not hesitate to let me know.

Dan

IN-SOURCING CAPITAL: NEW CAPITAL SOURCES FOR LOCAL ECONOMIC DEVELOPMENT PROJECTS

Friday, March 23, 2012

Friday, March 30, 2012

Location:

Seyfarth Shaw LLP
1075 Peachtree Street, N.E.,
Suite 2500
Atlanta, GA 30309
(404) 885-1500
1-888-611-6412

Location:

Savannah Technical College
Crossroads Campus, 190
Crossroads Parkway
Savannah, Georgia 31407
(912) 443-3010

Agenda:

Registration:

8:00 a.m.
to 8:30 a.m.

Breakfast:*

8:30 a.m. - 9:00 a.m.

Presentations:

9:00
a.m. to 11:00 a.m.

Q&A with Panel:

11:00 a.m. to 11:30
a.m.

Registration:

Registration: There is no cost to attend, but registration is required and seating is limited.

RSVP to Jeanette Clay

jclay@seyfarth.com
Direct Phone: (404) 888-1885

*Courtesy:

Savannah: Savannah
Technical College
Atlanta: Seyfarth Shaw
LLP

Daniel M. McRae, Partner
Seyfarth Shaw LLP
25th Floor
1075 Peachtree St., N.E.
Atlanta, GA 30309
404.888.1883
404.892.7056 fax
dmcrae@seyfarth.com
dan@danmcrac.info

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