

2013 Annual Report

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USEDLC

*Finance Small Business
Create New Jobs*



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BOARD OF DIRECTORS

Management of USEDLC

John Shen
Chief Executive Officer

Bruce Thompson
President

Stella Zhang
Chief Operating Officer

Legal Services of USEDLC

Justin Blackhall
Finance Counsel

Adrian Toh, Esq.
VP, Legal Services

EB-5 Marketing of USEDLC

Ann Zhou
VP, EB-5 Marketing

Harry Xu
Director, EB-5 Marketing

US EMPLOYMENT DEVELOPMENT LENDING CENTER

With 2012 being such a successful year at USEDLC, the hopes were high for 2013. From the middle of 2013 an array of positive changes for the company have broadened our scope of practice, and have allowed for tremendous growth in year 2014.

In September of 2013, USEDLC was afforded the opportunity to expand their office space to improve operations. The larger office offers stunning views of Downtown Long Beach. It also gives, more offices, two new conference rooms and a larger kitchen. The new office measures at approximately 6,000 square feet. Now, employees have bigger space to organize and prepare more efficiently. Additionally, USEDLC has tripled the amount of portable work-spaces compared to the old offices.

In addition to this new workspace, USEDLC has brought aboard some new staff members to take on the growing workload. Furthermore, USEDLC's marketing team has established more partnering companies with the immigration service firms, to better promote this program in China.

MATCHING THE WORLD'S INVESTORS

"In my many years of working in government, I don't recall another instance where two United States government programs have been so perfectly joined together in mutual benefit."

~ Bruce Thompson, President, U.S. Employment Development Lending Center



504 and EB-5: "A Brilliant Match-up"

The union between the 504 Loan Program offered by the U.S. Small Business Administration (SBA) and the EB-5 Program offered by the U.S. Citizenship and Immigration Services (USCIS) is a brilliant match-up that has created and increased jobs in the United States and continues to serve and benefit the overall economy.

The SBA 504 Loan Program, created by the U.S. Congress, is dedicated to encouraging and fostering growth in the small business sector. Since 1953, this agency has facilitated better financing, access to government contracting, business education & training, and advocacy for America's 27 million small businesses. The SBA 504 Loan Program is a long-term financing program specifically authorized by the U.S. Congress to foster economic development, create or preserve jobs and stimulate economic expansion. To be eligible, the borrowing small business must create or retain one job per \$65,000 provided through the program funds (except in the case of manufacturers, where the goal is one job per \$100,000). The 504 Program provides small businesses requiring 'brick and mortar' (real estate) financing with long-term, fixed-rate financing to acquire capital assets for expansion or modernization.

Typically, a 504 loan transaction will be structured to include:

-A loan secured from a private sector lender with a *senior* lien (priority over other lenders) covering at least 50 percent of the total project cost. The private sector lender may use EB-5 funds.

-A debenture (long term debt obligation) secured through a Certified Development Company ("CDC" is a private non-profit corporation authorized by the SBA to support and facilitate economic development in its community) with a subordinated junior lien covering up to 40 percent of the total project costs.

-An equity contribution from the borrower covering a minimum of 10 percent of the total project costs; however, if the borrower is a new business, securing the loan with a single purpose facility, or the senior lender's credit policy is more restrictive, borrowers will likely be asked to contribute at least 15 percent equity to the project.

The EB-5 Program is a United States visa plan for immigrant investors created by the Immigration Act of 1990. The program is designed to create jobs for U.S. citizens and boost the U.S. economy while assisting foreign investors with their petition for permanent residency. To obtain the visa, individuals must invest \$1,000,000 (or at least \$500,000 in a "Targeted Employment Area" - high unemployment or rural area), creating or preserving at least 10 jobs for U.S. workers excluding the investor and their immediate family.

USEDLC: "A Unique Match-Making Lender"

The US Employment Development Lending Center (USEDLC) is a unique match-making lender experienced at pairing EB-5 investors to the ideal 504 loan project. USEDLC is an innovative EB-5 regional center designated by the USCIS to bring EB-5 investors from all over the world to boost California small businesses.

Bruce Thompson is the President of USEDLC, he served in the California State Assembly, representing the 66th Assembly district from 1994-2000. Thompson worked along with Condoleezza Rice as one of six California team members for the Bush/Cheney 2000 campaign. He was later appointed by President George W. Bush as the Region IX Administrator for the U.S. Small Business Administration where he served from 10/01 to 01/09.

USEDLC PERFORMANCE STATISTICS

According to the 2013 fiscal year data collected by the National Association of Development Companies (NADCO), USEDLC was ranked #1 in the US as the most productive non-bank SBA 504 lender.

As of the end of February 2013, in terms of total amount of approved loans, USEDLC was ranked #12 in the US among a total of 1,096 banks and financial institutions involved in SBA 504 lending (see table on right).

USEDLC was also ranked high among all lenders in the US by the following parameters:

- Ranked #2 in total amount loaned within the city of Long Beach, CA (where the USEDLC office is located)
- Ranked #6 in total amount loaned within the same SBA district (Santa Ana)
- Ranked #7 in total made to the 504 projects in the same state (California)

THE MOST PRODUCTIVE SBA 504 1ST LOAN LENDERS IN U.S. BY FEBRUARY 28, 2013

Rank	SBA 504 1st Loan Lender	Approved Dollars
1	JPMorgan Chase Bank, National Association	\$161,153,654
2	Bank of America, National Association	\$119,661,703
3	Wells Fargo Bank, National Association	\$106,799,882
4	Bank of the West	\$91,255,947
5	BBCN Bank	\$35,927,500
6	Zions First National Bank	\$34,283,827
7	Union Bank, N.A.	\$30,931,891
8	Branch Banking and Trust Company	\$30,179,788
9	TD Bank, National Association	\$29,468,931
10	City National Bank	\$29,117,567
11	Comerica Bank	\$25,636,599
12	US Employment Development Lending Center, LLC	\$25,000,000
13	Manufacturers and Traders Trust Company	\$22,774,430
14	OneWest Bank, FSB	\$22,592,062
15	California Bank & Trust	\$22,356,414
16	Citibank, N.A.	\$21,928,124
17	PNC Bank, National Association	\$21,247,460
18	Fifth Third Bank	\$20,240,525
19	Regions Bank	\$19,726,243
20	Bridge Bank, National Association	\$19,183,610

Data Source: NADCO (National Association of Development Companies) 504 statistics by Feb 2013. www.nadco.org

GENERAL INFORMATION:

- *All loans must be funded by USEDLC, no table-funding or loan sale is allowed*
- *First mortgage loan amounts: \$1M to \$5M*
- *SBA 504 transactions preferred*
- *Construction financing available for light TI, heavy TI, or ground-up construction*
- *Refinances are generally not allowed unless there is an expansion, or buy-out of a partner, that will result in net job creation*
- *Long term ground leases may be considered*
- *Each small business applicant must be able to justify all job creation*
- *USEDLC Wholesale Lending will fund the interim second mortgage if requested*

PRICING INFORMATION:

- *Originator retains all origination fees on the 1st lien with the exception of the .50% SBA fee*
- *Maximum origination fee allowed: 2.00% (plus .50% for the SBA first mortgage fee)*
- *At the end of the first five years, all loans convert to prime + 4.00%, adjusting quarterly*
- *All loans require a 5,5,5,5,5 prepayment penalty for years 1-5*
- *Accrual method is 365/360*
- *The initial interest rate will be the interest rate floor for the life of the loan*
- *Off-sheet pricing available for certain, well qualified applicants (call for details)*

UNDERWRITING REQUIREMENTS:

- *Amortization up to 30 years*
- *Term – 10 Years*
- *Multi-purpose DSCR: 1.00 or better for last fiscal year end tax return, or **justifiable** projections*
- *Special purpose DSCR: 1.20x or better for last fiscal year end tax return, or **justifiable** projections*
- *FICO: Minimum 620 for all guarantors, 650 minimum on average*
- *Down payment must meet SBA minimum required*
- *Experience: Two years prior ownership or senior level management experience is required*

GEOGRAPHICAL REQUIREMENTS:

- *All properties must be located in a Target Employment Area (TEA)*
- *Qualifying areas are organized by MSA, county, city, or rural area designation*
- *We now do business in other states including Washington, Hawaii, Florida and New Jersey.*

INFORMATION PROVIDED IS SUBJECT TO CHANGE AND IS BASED ON THE BORROWERS ELIGIBILITY AND PROJECT. TO CHECK ELIGIBILITY STATUS AND/OR RECEIVE FURTHER INFORMATION, PLEASE CALL US AT (562)495-5888



Manning Gardens

Recovery from surgery, injury or serious illness.

January 2013



Location: Fresno, CA

Jobs Created: 30

Total Loan Amount: \$1.5 Million

Manning Gardens Nursing & Rehab, Inc. is a California corporation that was formed in January 2011. Manning Gardens specializes in providing a variety of rehabilitation and skilled nursing services to help residents recover from surgery, injury or serious illness. They also assist patients in their end-of-life stages. They have been operating for the last 50 years as a skilled nursing facility to serve the citizens of the Fresno, Fowler, Selma, Kingsburg, Caruthers, Easton, Raisin City, Bowles and surrounding communities. Manning Gardens has gained a reliable name over the years, and this expansion of the Fresno facility will enhance that even more.

Manning Gardens currently has 59 Medicare and Medi-Cal certified beds and multiple ongoing contracts with the VA and various insurance and Hospice companies. They offer full rehabilitation with physical, occupational and speech therapies and have successfully obtained a CMS five star rating.

US Employment Development Lending Center approved and funded this loan for Manning Gardens Nursing & Rehab facility in January of 2013. The property was fully renovated shortly after and they have been fully operational with the expansion for about a year now.

Sam Sam Group

February 2013



Location: Los Angeles, CA

Jobs Created: 20

Total Loan Amount: \$1 Million

Sam Sam Group, Inc. is a California subchapter S Corporation formed in 1997 in Los Angeles, California. Sam Sam Group mainly specializes in the wholesale distribution of designer buttons, belts, laces, and other accessories for women's clothing. Clients include companies which distribute their products to quality retailers such as Forever 21, Macy's and TJ Maxx. Recently, while trying to promote efficiency and sales, Mr. Kim (President) found that it was more

cost effective to manufacture some of the company's products domestically. This is where the need for an expansion came in.

US Employment Development Lending Center approved and funded this loan for the Sam Sam Group, Inc.'s facility in February of 2013. The property was fully renovated shortly after and they have been fully operational with the expansion for about a year now.

Latino Health Services

April 2013



Location: Santa Ana, CA

Jobs Created: 20

Total Loan Amount: \$1 Million

Latino Health Services Medical Group, Inc. is a California subchapter S Corporation formed in 1992 in Orange County, California. They are a general family medicine medical practice with an emphasis on pediatrics and OBGYN. The operating concern provides obstetrics and gynecology services mainly to the Hispanic community.

US Employment Development Lending Center approved and funded this loan for Latino Health Services Medical Group, Inc. facility in April of 2013. The property was fully renovated shortly after and they have been fully operational with the expansion for almost a year now.

Williams Mortuary



Location: Oakland, CA

Jobs Created: 20

Total Loan Amount: \$1 Million

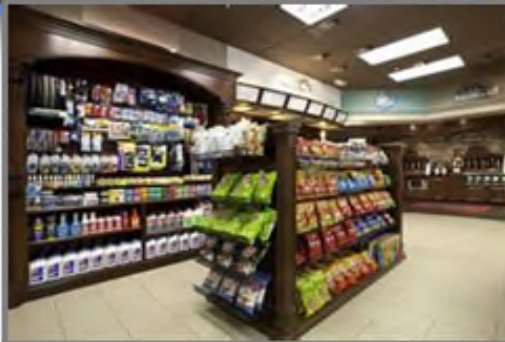
Jackson Mortuary has been in business in Oakland for over 80 years. It has been at the present location since 1991. Jackson Mortuary prides itself on recognizing individual family needs and creating a personalized experience to honor each loved one. Their professional and compassionate funeral directors treat families with the honor, respect, and attention that they would want for their own families. Larry D. Williams, owner of *Williams Mortuary* and the loan borrower

for the project, plans to take over the business from retiring Ms. Jackson and continue, expand, and improve upon the almost century year history in the community.

US Employment Development Lending Center approved and funded this loan for the Williams Mortuary facility in May of 2013. The property was fully renovated shortly after and they have been fully operational with the new ownership for about a year now.

K&R Car Wash

August 2013



Location: Indio, CA

Jobs Created: 37

Total Loan Amount: \$1.5 Million

K&R Car Wash, Inc. was formed in February 2013. Owner Rasim Hallum has over 15 years of experience in the car wash industry and currently owns 50% of another Car Wash which is also located in Indio, California.

US Employment Development Lending Center approved and funded this loan for K&R Car Wash in August of 2013. Construction began on August 1st, 2013 and was completed on January 31st, 2014. K&R Car Wash is now a fully operating business.

USEDLC OUTLOOK FOR 2014

USEDLC's goals for 2014 are to increase productivity by delegating employee positions more effectively, maintain the highest level of communication with investors, continue to expand its networks to gain qualified borrowers, and to remain thorough and organized in all business transactions to create a transparent relationship with all business contacts. USEDLC plans to also build its relationship with other regional centers, as well as USCIS to remain fully updated on the most recent policies and regulations in filing our investors petitions/choosing projects/TEA designation guidelines.

USEDLC will be expanding its business by now offering its regional center for lease. With offers already on the table, this added form of operation will further the company's efforts in job creation and investor satisfaction.

Lastly, but definitely not least, RCH (the holding company for USEDLC), will launch more projects this year by partnering with other regional centers. Investors will have the opportunity to invest in more diversified projects and be a part of its amazing transformation in the year 2014.

