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TESTIMONY
BEFORE
THE
COMMITTEE
ON
HOUSING, TRANSPORTATION, AND TELECOMMUNICATIONS

VI Slice Homeownership Program
(A Gap Financing Program)

OCTOBER 24, 2023

1 Good morning – Senator Marvin A. Blyden, Chairman, Committee members,
2 senators and staff of the 35th Legislature, Virgin Islands Economic Development
3 Authority (“VIEDA”) team members, and the listening and viewing public. I am
4 Wayne Biggs, Jr., Chief Executive Officer of the Virgin Islands Economic
5 Development Authority (“VIEDA”); also here with me today is Mr. Dwayne A.
6 Benjamin, Sr., Assistant Chief Executive Officer, Mr. David Stevenson, Senior Loan
7 Officer, and Ms. K’Nisha Gumbs, Loan/Collection Officer. Unfortunately, Ms.
8 Monique Samuel, Managing Director, Economic Development Bank for the United
9 States Virgin Islands is out of the Territory and cannot be here with us today. I
10 would like to thank the Committee Chair and members of the Committee on
11 Housing, Transportation, and Telecommunications for inviting us to provide a
12 status update on the VI Slice Moderate Income Homeownership Program (“VI
13 Slice”).

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15 **Virgin Islands Economic Development Authority (VIEDA)**

16 The VIEDA is the umbrella organization that assumes, integrates, and unifies
17 the functions of the following subsidiary entities: the Economic Development Bank
18 (“EDB”), the Economic Development Commission (“EDC”), the Enterprise Zone

19 Commission (“EZC”), and the Economic Development Park Corporation (“EDPC”).
20 It is a semi-autonomous governmental instrumentality responsible for the
21 development, promotion, and enhancement of the economy of the United States
22 Virgin Islands.

23 The VIEDA operates under one seven-member Governing Board (“Board”) to
24 achieve maximum efficiency of operations; to avoid duplication of services,
25 positions, and responsibilities; to reduce expenses of personnel, physical plant and
26 operations; and to develop comprehensive programs for the economic
27 development of the U.S. Virgin Islands.

28 The basic objectives of the VIEDA are to promote the growth, development, and
29 diversification of the economy of the United States Virgin Islands; to create
30 opportunities for the gainful employment of residents; to promote access to
31 capital; to contribute to the development of the educational system; and to
32 preserve the environment, beauty, and natural resources of the Territory.

33 Through its four main pillars: the Economic Development Bank, the Economic
34 Development Commission, the Enterprise Zone Commission, and the Economic
35 Development Park Corporation, the VIEDA has facilitated investment
36 opportunities, thereby leading to job creation and retention, as well as assisted our

37 clients with bringing their dreams of entrepreneurship and business growth to
38 fruition.

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40 **VI Slice Moderate Income Homeownership Program (VI Slice)**

41 The VIEDA was charged by the Honorable Governor Albert Bryan, Jr., with
42 administering the VI Slice Moderate Income Homeownership Program known as VI
43 Slice. The primary goal of VI Slice is to establish opportunities that may increase
44 homeownership rates amongst moderate-income households in the US Virgin
45 Islands by offering “Gap Financing”. The program will support long-term
46 sustainability, resiliency, and economic viability across the Territory by providing
47 financial assistance to expand affordable homeownership opportunities. VI Slice is
48 a “Gap Financing” Program funded through a \$20M American Rescue Plan Act
49 (“ARPA”) grant. It is administered by the Virgin Islands Economic Development
50 Authority (USVIEDA) in partnership with the Office of Disaster Recovery (“ODR”)
51 and the Office of the Governor, with participation from the Territory's lending
52 institutions.

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54 **What is Gap Financing?**

55 Gap Financing is supplemental funding to help applicants bridge the “gap” or
56 shortfall between the overall project cost and the amount secured through a
57 primary lender.

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59 **VI Slice supports the following activities:**

- 60 • Home Purchase with Rehabilitation, if necessary, (Limit: \$200,000),
- 61 • New Construction (Limit: \$200,000), and
- 62 • Down Payment & Closing Costs Assistance (Limit: \$100,000).

63

64 **To be eligible for VI Slice an Applicant must:**

- 65 • Meet established household income requirements.
- 66 • Be a first-time home buyer. A first-time homebuyer is defined as an
67 individual who has had no ownership in a principal residence during
68 the 3-year period ending on the date of purchase/construction of the
69 property.
- 70 • Be a resident of the territory for the last three (3) years prior to the
71 signing of a sales contract, except for those applicants who were prior
72 residents of the territory for at least 10 years and have now opted to
73 return, or whose birthplace is the U.S. Virgin Islands.

- 74 • Attend the Virgin Islands Housing Finance Authority’s Homebuyer
75 Education Program and earn a Homebuyer Education Certificate of
76 Completion.
- 77 • Attain a Commitment Letter for a mortgage loan based on the
78 underwriting standards of the primary financing lender.
- 79 • Have the ability to make a minimum earnest money deposit of
80 \$5,000.00 at the time of signing the purchase contract. (For Veterans
81 holding a certificate of eligibility or an honorable discharge via the
82 DD214, are exempt from the earnest money deposit requirement).
- 83 • Have the ability to make an additional investment into the mortgage
84 transaction in an amount to be determined by the primary lender.
- 85 • Have a minimum credit score of 620 or conform with the required
86 credit score of the primary lender.

87

88 **To be eligible for VI Slice Program financing:**

- 89 • An Applicant must have a Commitment Letter from a primary lender.
- 90 • An Applicant must have a Sales Contract or Purchase Agreement, if
91 applicable, for home purchase or a valid Contractor’s Estimate for
92 home construction.

- 93 • An Applicant must obtain the maximum funding available from a
94 primary financing lender.
- 95 • The Applicant is required to submit the Commitment Letter from a
96 qualifying lender for at least 60% of the overall project cost.
- 97 • The Applicant’s combined mortgage payments cannot exceed 36%
98 (formerly 31%) of the Applicant’s gross monthly household income,
99 providing that this is in accordance with the primary lender’s policy.
- 100 • The Applicant’s debt repayment cannot exceed 43% of gross monthly
101 household income, providing that this is in accordance with the
102 primary lender’s policy.
- 103 • The maximum Combined Loan-to-Value (“CLTV”) cannot exceed 105%
104 (formerly 95%).
- 105 • The Applicant must obtain a 30-year, but not more than a 40-year (if
106 available), fixed-rate loan from a primary lender.
- 107 • The property must be utilized and remain as the client’s primary
108 residence for a minimum period of 10 years.

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110 It is important to note that if the Participating Lender’s mortgage
111 requirements are more liberal than VI Slice Program financing requirements, the

112 Participating Lender’s mortgage requirements are utilized when evaluating the
113 Participating Lender’s VI Slice gap financing request.

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115 **How does the VI Slice Program work?**

- 116 1. Applicant applies for a mortgage or construction loan from a
117 primary lender.
- 118 2. Primary lender evaluates and determines the loan amount, and the
119 financing “gap”, if any.
- 120 3. Primary lender refers its client’s application to VIEDA for the VI Slice
121 Program if it is determined that there is a need for gap financing.
- 122 4. If the referral package is approved, the borrower will execute a first
123 mortgage in favor of the primary lender and a second 10-year VI
124 Slice mortgage for the gap financing amount.
- 125 5. The client utilizes the home as their primary residence and submits
126 an annual certification statement as proof of residency.
- 127 6. The client pays nothing on the second mortgage providing the
128 property remains as their primary residence for a 10-year period
129 and they do not sell, lease, or move out.

130 7. The VI Slice mortgage converts to a grant at the end of 10 years if
131 the client remained in the house for the 10-year period.

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133 **VI Slice Status Update**

134 As of today, eight (8) VI Slice homeownership transactions have been
135 approved totaling \$614,757.95 in gap financing with overall bank financing of
136 \$2,196,641.00. Of this total, six (6) have been approved for St. Croix totaling
137 \$397,4323.23, and two (2) for St. Thomas totaling \$217,434.72. Six (6) VI Slice
138 transactions have closed and are fully disbursed totaling \$425,096.89, one (1) VI
139 Slice transaction is closing this week in the amount of \$118,821.22, and one (1) in
140 the amount of \$70,839.84 will be closed by the end of the month. Capital Mortgage
141 Services of Texas has originated six (6) VI Slice transactions totaling \$402,439.24,
142 the United States Department of Agriculture/Rural Development has originated
143 one (1) VI Slice transaction in the amount of \$93,497.49, and First Bank Virgin
144 Islands has originated one (1) VI Slice transaction in the amount of \$118,821.22.

145 VIEDA continues to recruit additional lenders to participate in the VI Slice
146 Program. We will be sending introductory letters to approximately 40 lenders
147 licensed in the Territory. Additionally, we will continue our aggressive marketing
148 initiatives to include town hall meetings, radio and newspaper advertisements,

149 social media campaigns, webinars, and community outreach to involve
150 participation by the local schools.

151 Individuals seeking more information can visit the VI Slice website at
152 www.vislice.com or send an email request to vislice@usvieda.org.

153 I thank you for the opportunity to provide this status update on behalf of the
154 USVIEDA on the VI Slice Moderate Income Homeownership Program to the
155 Committee on Housing, Transportation, and Telecommunications. My team is
156 available to answer any questions you may have related to my testimony.