



WAYNE BIGGS, Jr.
CHIEF EXECUTIVE OFFICER
VIRGIN ISLANDS ECONOMIC DEVELOPMENT AUTHORITY

TESTIMONY
BEFORE
THE
COMMITTEE ON HOUSING, TRANSPORTATION &
TELECOMMUNICATIONS

VI Slice Moderate Income Homeownership Program

FEBRUARY 27, 2023

1 Good morning – Senator Marvin A. Blyden, Chairman, Committee members,
2 senators of the 35th Legislature, the legislative staff, the Virgin Islands Economic
3 Development Authority (“VIEDA”) team, and the listening and viewing public. I am
4 Wayne Biggs, Jr., Chief Executive Officer (“CEO”) of the VIEDA; also here with me
5 today are Rosa Thomas, Assistant Chief Executive Officer, Monique T. Samuel,
6 Managing Director, Economic Development Bank for the U.S. Virgin Islands, K’Nisha
7 Gumbs, Loan Officer, Charlene Gerard Joseph, Loan Assistant, and Celina Morris,
8 Executive Assistant to the CEO. I would like to thank the Committee Chair and
9 members of the Committee on Housing, Transportation & Telecommunications for
10 inviting us to provide testimony on the VI Slice Moderate Income Homeownership
11 Program (“VI Slice”).

12

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

14 The VIEDA is the umbrella organization which assumes, integrates, and unifies the
15 functions of the following subsidiary entities: the Economic Development Bank
16 (“EDB”), the Economic Development Commission (“EDC”), the Enterprise Zone
17 Commission (“EZC”), and the Economic Development Park Corporation (“EDPC”).

18 It is a semi-autonomous governmental instrumentality responsible for economic
19 enhancement and growth, job creation, and wealth generation.

20

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

26

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

33

34 The mission of the VIEDA is to be a customer service based organization that
35 creates positive public/private sector partnerships for enhancement of economic
36 growth and development by meeting the challenges of the global economy and

37 serving the needs of the business community, while embracing our unique heritage
38 and preserving our pristine natural environment.

39

40 Through its four main pillars: the Economic Development Bank, the Economic
41 Development Commission, the Enterprise Zone Commission, and the Economic
42 Development Park Corporation, the VIEDA has facilitated investment
43 opportunities, thereby leading to job creation and retention, as well as assisted our
44 clients with bringing their dreams of entrepreneurship and business growth to
45 fruition.

46

47 **VI Slice Introduction**

48 VI Slice is a Moderate Income Homeownership Program that provides gap financing
49 for first-time homeowners. VI Slice is administered by the VIEDA in partnership with
50 the Office of the Governor and the Office of Disaster Recovery (ODR), with
51 participation from the Territory's mortgage lending institutions - both bank and
52 non-bank mortgage lenders. VI Slice is funded through a \$20M American Rescue
53 Plan Act (ARPA) grant.

54

55 **Goal**

56 The goal of VI Slice is to increase homeownership amongst eligible moderate-
57 income households in the U.S. Virgin Islands by offering gap financing. The program
58 is not designed to enrich, but rather to help eligible moderate-income individuals
59 achieve home ownership.

60

61 **Gap Financing**

62 VI Slice gap financing is supplemental funding that is available to help clients bridge
63 the “gap” between the overall project cost and the amount secured through a
64 primary lender. The maximum gap financing amount based on VI Slice policy
65 guidelines is 40% of the entire project cost, up to \$200K.

66

67 **Supported Activities**

68 VI Slice gap financing can be used to for Down Payment and Closing Costs, for Home
69 Purchase or Home Purchase and Rehabilitation Combo (with or without
70 rehabilitation to make the house livable or bring up to current building codes), or
71 for New Home Construction.

72

73 **Maximum Funding Amounts**

74 VI Slice's maximum funding limits for its supported activities are: (a) \$100K for
75 Down Payment and Closing Cost, (b) \$200K for Home Purchase or Home Purchase
76 and Rehabilitation Combo, and (c) \$200K for New Home Construction. Activities
77 can be combined for gap financing. However, the VI Slice maximum aggregate gap
78 financing amount is \$200K.

79

80 **Income Eligibility**

81 VI Slice's household income eligibility levels differ by island. On St. Croix the
82 applicant's minimum household income amount is \$43,501 and the maximum
83 amount is \$216,300, on St. John the applicant's minimum household income
84 amount is \$47,151 and the maximum amount is \$260,750, and on St. Thomas the
85 applicant's minimum household income amount is \$45,298 and the maximum
86 amount is \$242,900.

87

88 **Other Eligibility Requirement**

89 An applicant must also meet VI Slice's other eligibility requirements. The applicant
90 must:

- 91 • Be a first-time homebuyer.
- 92 • Be a resident of the USVI for the last three (3) years.

93 ○ Exceptions include applicants who were born in the USVI or who
94 were prior USVI residents for at least 10 years.

95 ● Attain a commitment letter for a mortgage from a primary lender.

96 ● Attend VIHFA’s Homebuyer Education Program and earn a Homebuyer
97 Education Certificate of Completion.

98 ● Have the ability to make a minimum earnest money deposit of \$5,000.
99 For Veterans holding a certificate of eligibility or an honorable
100 discharge via the DD214, no earnest money deposit is required.

101 ● Have a minimum credit score of 620 or meet the minimum
102 requirement of the primary lender.

103

104 **Financing Requirements**

105 VI Slice’s gap financing requirements are as follows:

106 ● Commitment Letter or Loan Approval Letter from primary lender for
107 at least 60% of the overall project cost. (The maximum gap financing
108 amount VI Slice will provide to a client is 40% of the total project cost.)

109 ● Sales Contract/Purchase Agreement and/or Construction Contract, if
110 applicable indicating cost to purchase, cost to purchase and
111 rehabilitate, or cost to construct the house.

- 112 • Client must pledge all their available liquid capital towards the
113 purchase, purchase and rehabilitation, or construction of the house.
- 114 • Maximum funding available must be obtained from a primary lender.
- 115 • Combined mortgage payments cannot exceed 31% of client's gross
116 monthly household income.
- 117 • The client's debt cannot exceed 43% of gross monthly household
118 income.
- 119 • The client must obtain a fixed-rate loan from a primary lender
120 amortized for at least 30 years, but not more than a 40 years.
- 121 • The property must be the client's primary residence for a minimum of
122 10 years.
- 123 • Exceptions to the above financing requirements may be made by the
124 VIEDA based on the primary lender's loan underwriting policies and
125 procedures.

126

127 **How the Program Works**

- 128 • Applicant applies for a mortgage or construction loan from a primary
129 lender.

- 130 • Primary lender evaluates and determines loan amount and gap
131 financing request, if any.
- 132 • Primary lender refers client to VIEDA for VI Slice Program gap financing
133 if they determine the client has a shortfall via a secured online portal.
- 134 • Primary lender will receive the notification of approval of the VI Slice
135 gap financing request via the secured online portal within five (5)
136 business days of submittal of a complete package.
- 137 • Primary lender provides Closing Statement to VIEDA at least five (5)
138 business days prior to closing date, and VIEDA forwards approved gap
139 financing amount via ACH to closing agent at least two (2) business
140 days prior to the closing date.
- 141 • Primary lender records a first mortgage for its financing transaction
142 and a “soft” second 10-year VI Slice mortgage gap financing amount.
- 143 • The client pays nothing on the second mortgage while residing in the
144 house during the 10-year period providing they do not sell, lease or
145 move out of the property.
- 146 • The client submits an electronic annual self-certification statement as
147 proof of residency.

- 148
- If the client utilizes the property as their primary residence for 10
- 149
- 150
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153 **Program Implementation**

154 Where are we today? The VIEDA has:

- 155
- Met with all the potential participating banking and non-banking
- 156
- 157
- Launched VI Slice website at www.vislice.com.
- 158
- Developed the secured online lender portal.
- 159
- Started promoting the program to the public through social media,
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- 164
- Prepared the MOAs for each participating lenders.
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166 Next step? We are in the process of:

- 167
- Finalizing the MOA with each participating lender.
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- Opening each participating lender’s online portal as they execute their
- 169
- MOA.

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171 Information on VI Slice, including Frequently Asked Questions (FAQs) can be found
172 at and downloaded from the VI Slice website at www.vislice.com or at the Virgin
173 Islands Economic Development website at www.usvieda.org. If additional
174 clarification is needed, questions can be sent to vislice@usvieda.org for a direct
175 response from VIEDA’s VI Slice program representatives.

176

177 I thank you for the opportunity to provide this overview on behalf of the VIEDA on
178 the VI Slice Moderate Income Homeownership Program. Our team is available to
179 answer any questions you may have related to my testimony.