

# **VI SLICE MODERATE-INCOME HOMEOWNERSHIP PROGRAM**

**In the U.S. Virgin Islands, owning a home just got a little easier.**

**Welcome to the VI Slice Moderate-Income Homeownership Program.**

Have you always dreamed of owning a home in the U.S. Virgin Islands? Do you lack the finances required by a local mortgage lender to purchase a new home, purchase and renovate an existing or damaged home, or construct a home? Does your household income meet the eligibility thresholds as set forth in this program? Then, the “VI Slice Moderate-Income Homeownership Program” may be the answer.

The Virgin Islands Economic Development Authority (VIDEA), in partnership with the Office of the Governor and the Office of Disaster Recovery (ODR) invites you to apply for a mortgage under this program through the following Virgin Islands participating mortgage lenders:

- Banco Popular de Puerto Rico
- First Bank
- Merchants Commercial Bank
- Oriental Bank
- Capital Mortgage Services of Texas
- U.S. Department of Agriculture - Rural Development

Under this program, first-time homeowner(s) can be eligible for secondary gap financing to either purchase or construct a home, and/or obtain funding towards closing costs assistance.

Now is your chance to find out if you qualify for the “VI Slice Moderate-Income Homeownership Program” so you can get your slice of the VI pie.

Learn more about the VI Slice Moderate-Income Homeownership Program and the requirements [here](#). You can also get answers to these frequently asked questions about the program below.

## **Frequently Asked Questions (FAQs):**

- **ABOUT VI SLICE**

- ***What is the VI Slice Moderate-Income Homeownership Program (“VI Slice”)?***

- VI Slice is a new program that establishes secondary gap financing for first-time eligible moderate-income households purchasing or constructing a home.
- This program is designed to create opportunities which may increase homeownership rates amongst moderate-income households here in the U.S. Virgin Islands. Applicant must be a first-time homeowner.
- The program will also support long-term sustainability, resiliency, and economic viability across the Territory by providing financial assistance to expand affordable homeownership opportunities.

**What exactly is Gap Financing?**

- Gap financing assistance will provide supplemental funding to clients in an effort of bridging the "Gap" between the overall project cost and the amount secured through a primary lender.

**What is the maximum amount I can receive from VI Slice Gap Financing?**

- VI Slice Program (Aggregate): \$200,000

**Who is this program for?**

- This program is for moderate-income households who qualify for a mortgage, will be first-time homeowners, and will occupy a home in the USVI for a minimum of 10 years.

**What is a first-time homeowner?**

- A first-time homeowner is defined as an individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase/construction of the property.

**What do I need to do to apply for this program? And how does this program work?**

1. First, you must find a home to purchase or have a home construction project to finance.
2. Then you must go to a participating bank or mortgage company ("financing entity") to apply for a mortgage.
3. The financing entity will determine the amount for which you qualify.
4. If you qualify, but experience a shortfall, the financing entity will refer your mortgage application package to the VIEDA.
5. VIEDA will review the financing entity's documents for program eligibility and approval of "secondary gap" amount.
6. If approved, the financing entity will approve its mortgage amount with the "secondary gap" financing amount from the VIEDA and place a first priority mortgage lien on the property for its loan amount at closing.
7. A soft second mortgage will be placed for the VIEDA's 'gap' amount on the property at closing.
8. The VIEDA second mortgage for the 'gap' amount will turn into a grant, and be released after 10 years providing the mortgagee(s) maintained the property as their primary residence for the 10-year period.
9. While there is no repayment on the secondary gap financing, the property must be occupied by the homeowner(s) and remain as the homeowner(s) primary residence for a minimum period of ten (10) years. *If the homeowner(s) does not*

occupy the property for the full 10-year period, the gap amount would have to be repaid by the homeowner.

**Example:** If you have a shortfall of \$20,000 (gap amount) for the down payment on a home, the financing entity will refer your mortgage loan application package for the VIEDA's review and approval of the gap amount. If approved, the VIEDA will provide the \$20,000 gap amount to the financing entity at closing to complete the mortgage transaction.

***Who is involved in this program?***

- V.I. Slice was started through a collaboration with the Office of the Governor, Office of Disaster Recovery ("ODR"), and the Virgin Islands Economic Development Authority ("VIEDA") in partnership with local banking institutions and mortgage companies. Funding for this program derives from the American Rescue Plan Act (ARPA).

***When did this program start?***

- This program was launched on October 20, 2022.

***Is there a deadline to apply for this program?***

- All applications for secondary gap financing must be submitted by the primary lender on or before October 30, 2026.

***How long will this program last?***

- VI Slice Moderate Income Homeownership Program will sunset on December 30, 2026.

***How is this program different than the VIHFA program?***

- VIHFA program is for low-income homeowners, whereas VI Slice is for moderate income homeowners. VI Slice also allows for the inclusion of up to two (2) rental units with the primary residence. Further, VI Slice residency requirements are different from that of the VIHFA's.

● **PROGRAM USES:**

***How can this program help me own a home and what can I use the program's funds for?***

- With VI Slice, you can use the funds to purchase a home (and rehabilitate, if required), to construct a home on land owned or to be acquired, or to assist with the down payment and/or closing costs.

***Will the program allow for the purchase of a damaged house and include reconstruction of same?***

- Yes.

***Can I have a rental unit?***

Yes, you can have up to two (2) rental units. However, the rent must be affordable and in compliance with the Fair Market Rent in the USVI as determined by the United States Department of Housing and Urban Development (HUD). The homeowner(s) must occupy the larger of the units.

[https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023\\_code/select\\_Geography.odn](https://www.huduser.gov/portal/datasets/fmr/fmrs/FY2023_code/select_Geography.odn)

***Can this program be used for an Airbnb?***

- No, the program prohibits the use of rental units as vacation rentals or short-term rental units. All lease terms must be for a period of twelve (12) months or longer in duration.

***Can I live in the home less than 10 years, then relocate and rent out the home?***

- The property must be occupied by the homeowner and remain as the homeowner(s) primary residence for a minimum period of ten (10) years.
- *If the homeowner(s) does not occupy the property for the full 10-year period, the secondary gap amount must be repaid by the borrower(s).*

- **ELIGIBILITY:**

***Who is eligible to apply for this program?***

- To be eligible, each household must have the following income levels on each island:

| <b>Minimum Household Income:</b> |          | <b>Maximum Household Income:</b> |
|----------------------------------|----------|----------------------------------|
| ✓ On St. Croix:                  | \$43,501 | \$216,300                        |
| ✓ On St. Thomas:                 | \$45,298 | \$242,900                        |
| ✓ On St. John:                   | \$47,151 | \$260,750                        |

**Applicants must also:**

- Be a first-time home buyer.
- Be a resident of the territory for the last three (3) years prior to the signing of a sales contract, with the exception of those applicants who were prior residents of the territory for at least 10 years and have now opted to return, or whose birthplace is the US Virgin Islands.
- Must attain a commitment letter for a mortgage loan based on underwriting standards of the primary financing lender.
- Must have the ability to make a minimum earnest money deposit of \$5,000.00 or a minimum equity of \$5,000 in the home construction project and invest additional funds into the mortgage transaction in an amount determined by the primary lender. (For Veterans holding a certificate of eligibility or an honorable discharge via the DD214, no earnest money deposit is required).
  - Must attend **VIHFA's Homebuyer Education Program** and earn a Homebuyer Education Certificate of Completion.

- Must have a minimum credit score of 620 or conform to the required credit score of the primary lender.

***Can veterans and active military personnel apply for this program?***

- Yes. Active military personnel must have the ability to make a minimum earnest money deposit of \$5,000 or a minimum equity of \$5,000 in the home construction project and invest additional funds into the mortgage transaction in an amount determined by the primary lender.
- However, for Veterans holding a certificate of eligibility or an honorable discharge via the DD214, no earnest money deposit is required.

***If you are approved from a non-VI banking institution, would this gap financing be available?***

- Yes, providing the mortgage lender is registered to do business in the Territory, the entity uses standard underwriting lending practices, and has executed a Memorandum of Agreement with the VIEDA to participate in the VI Slice Moderate Income Homeownership program.

***I've lived outside of the U.S. Virgin Islands for at least 15 years. Can I apply for this program if recently returned home to the USVI to live?***

- An applicant must be a resident of the territory for the last three (3) years prior to submitting its application for secondary gap financing through a participating lender, with the exception of those applicants who were prior residents of the territory for at least 10 years and have now opted to return, or whose birthplace is the U.S. Virgin Islands.

***My credit score may be an issue. What is the credit score I must have to qualify for this program?***

- An applicant must have a minimum credit score of 620 or conform to the required credit score of the primary lender.

- **FINANCIAL REQUIREMENTS:**

***What are the financial requirements of this program?***

- Commitment letter from a primary lender.
- Sales Contract or Purchase Agreement, if applicable.
- The applicant must obtain the maximum funding available from a primary financing lender.
- The borrower(s) is required to submit the commitment letter from a qualifying lender for at least 60% of the overall project cost.
- Mortgage payment cannot exceed 36% of borrower(s) gross monthly household income.

- The borrower(s) debt cannot exceed 43% of gross monthly household income.
- The borrower(s) must obtain a 30-year, but not more than a 40 year (if available), fixed rate loan from a primary lender.
- The property must be occupied and remain as the borrower(s) primary residence for a minimum period of ten (10) years.
- **VIEDA**  
***How does the VIEDA fit into the application process for this program?***
  - Once the bank qualifies you for a specific amount for a mortgage, if you experience a shortfall (gap amount), the bank will refer your mortgage application package to the VIEDA, and the VIEDA will review the request to finance the gap shortfall.
- **AMERICAN RESCUE PLAN ACT**  
***What is the American Rescue Plan Act?***
  - “The American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, is a U.S. \$1.9 trillion economic stimulus bill passed by the 117th United States Congress and signed into law by President Joe Biden on March 11, 2021, to speed up the country's recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. (Smart Asset, 2021). First proposed on January 14, 2021, the package builds upon many of the measures in the CARES Act from March 2020 and in the Consolidated Appropriations Act, 2021, from December. Sources: (CNN, 2021) (New York Times, 2021).