The Virgin Islands Consortium

Lieutenant Governor Candidates Pledge Island-by-Island Lending Score as Mortgage Access Takes Center Stage

Francis, Potter and Moorehead agreed to publish island-specific lending results in their first year, while proposing tougher oversight, more competition and new steps to expand mortgages, construction loans and modern financial services across the USVI.

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FirstBank in Orange Grove, St. Croix. **By. ERNICE GILBERT, V.I. CONSORTIUM.**

All three Democratic candidates for lieutenant governor committed to producing a public, island-by-island lending score during their first year in office, establishing a measurable point of agreement during a debate that exposed differences over how the territory should confront limited mortgage access, scarce construction financing and gaps in modern financial services.

Senators Novelle E. Francis Jr. and Milton E. Potter and St. Croix Educational Complex Principal Rodney Moorehead made the commitment during the V.I. Consortium and WTJX lieutenant governor debate, which was recorded on Wednesday, July 15 and aired Sunday, July 19. Each candidate is seeking the Democratic nomination as part of a gubernatorial ticket.

The lieutenant governor chairs the V.I. Banking Board and oversees the Division of Banking, Insurance and Financial Regulation. The division licenses and regulates banks, mortgage lenders and brokers, finance lenders, money transmitters, securities businesses and other financial-service providers while also serving as a consumer-protection agency.

The candidates' pledge followed questions about what residents and regulators still do not know: how many Virgin Islanders apply for mortgages and other loans, how many are approved or denied, the interest rates applicants are offered, how long decisions take and whether outcomes differ among St. Croix, St. Thomas and St. John.

Federal Community Reinvestment Act (CRA) evaluations provide some lending information, but the reviews treat the entire Virgin Islands as one assessment area. Federal examiners have also repeatedly noted that banks are not required to report Home Mortgage Disclosure Act data for the territory, leaving no comprehensive market information against which individual banks' mortgage performance can be measured.

The absence of comparative data is particularly consequential because the two largest banks hold substantial shares of local deposits.

FirstBank ranked first in the Virgin Islands with 36.5 percent of deposits in 2023, according to its most recent federal CRA evaluation. The bank received an overall "Satisfactory" rating for its Virgin Islands operations, but a "Low Satisfactory" rating on the lending test.

During the period examined, FirstBank originated 75 home mortgages totaling $16.5 million and 420 small-business loans totaling $31.3 million. However, it made only three home mortgages to low-income borrowers and two to moderate-income borrowers in 2022. In 2023, it originated no home mortgages to borrowers in either income group. The evaluation also said FirstBank offered consumer loans in Puerto Rico but not in the Virgin Islands during the review period.

Banco Popular ranked second as of June 2024, holding approximately $1.3 billion in deposits and 35.9 percent of the local market. Its Virgin Islands operations received an overall "Satisfactory" rating and a "High Satisfactory" lending rating, based partly on its small-business and community-development activity.

However, federal examiners rated the bank's home-mortgage performance by borrower income as poor. Banco Popular originated no home mortgages to low-income Virgin Islands borrowers from 2021 through 2024. It made loans to moderate-income borrowers during the first three years of the review but none in 2024. Of its 21 home mortgages that year, 16 went to upper-income borrowers, three to middle-income borrowers and two to borrowers whose income was not reported.

Federal evaluators nevertheless found that Banco Popular performed strongly in lending to small businesses and in moderate-income areas. The report identified affordable housing, flexible mortgage products and small-business financing as significant local needs, noting that collateral requirements continue to create obstacles for businesses seeking credit.

Candidates Back Public Lending Results

When asked whether they would require a public score showing lending results for each island during their first year, Francis, Potter and Moorhead each answered yes.

The score’s precise format, reporting schedule or enforcement mechanism was not discussed. However, the question presented to them called for information extending beyond the products banks advertise, including actual application, approval and denial numbers, offered interest rates and decision times.

Territorial law already requires foreign banks to prepare annual Community Reinvestment Act statements for each island identifying the types of credit they are prepared to offer. Those categories include mortgages, residential rehabilitation and home-improvement loans, small-business and agricultural financing, commercial credit and consumer loans.

The Banking Board may consider an institution’s record of meeting local credit needs when reviewing certain applications. The candidates differed, however, on how aggressively the lieutenant governor should use that authority and whether the office should actively recruit additional banks.

Potter Proposes Banking Summit and Greater Competition

Potter said his first banking-related action would be to convene a summit involving existing institutions, prospective lenders and consumers.

He argued that attracting additional banks would broaden the products available to residents and pressure institutions already operating in the territory to improve their services. Potter said local customers should have access to financial products comparable to those offered in Puerto Rico and the mainland.

Asked whether he had identified the specific obstacles preventing residents from fully using services such as Cash App and Venmo, Potter said he had not. He said the barriers would have to be determined through discussions with financial institutions and customers but did not establish a deadline for resolving them.

Potter also proposed hiring more banking regulators and providing additional training so the division could more effectively evaluate whether institutions were meeting their obligations. He questioned whether banks should be permitted to count loans made to the Virgin Islands government as sufficient community reinvestment while residents continue to struggle to obtain financing.

On residential construction lending, Potter called for direct discussions with banks to determine why more institutions were not offering the loans or fully participating in V.I. Slice. He said the program should be revised in collaboration with lenders when its current structure fails to produce meaningful results for residents.

Francis Emphasizes Enforcement and Regulatory Independence

Francis cautioned that directly soliciting banks could create a conflict for a lieutenant governor who would later be responsible for regulating those same institutions.

He said the territory should instead use the Banking Board and the Division of Banking, Insurance and Financial Regulation to enforce existing requirements, educate residents about available products and hold institutions accountable when they fail to meet community credit needs.

Francis said banks that do not comply with their reinvestment obligations should face penalties or formal notice requiring corrective action. He also called for banks to maintain representatives in the Virgin Islands who could respond to local concerns rather than leaving consequential lending decisions primarily to offices in Puerto Rico.

He argued that institutions benefiting from substantial Virgin Islands government deposits have a responsibility to provide residents with fair access to construction loans, personal loans and other forms of credit.

Francis also proposed reassessing V.I. Slice qualification requirements and continuing gap financing for working residents who earn steady incomes but remain unable to meet conventional lending standards. He did not identify specific penalties, performance requirements or deadlines that would apply to banks.

Moorehead Calls for Fully Staffed Banking Board

Moorhead said fully staffing the Banking Board would be his first priority and proposed meeting with banks more frequently, potentially once each quarter instead of annually.

He said those meetings should be used to examine lending data, question banks about approval and denial patterns and determine whether institutions were adequately serving Virgin Islanders.

Moorhead also proposed compiling information on local deposits, borrowing demand and loan performance to present to institutions considering entering the territory. He said his administration would solicit additional banks, including through a request for proposals, to expand the range of available services.

He further said he would be willing to place conditions on bank applications when institutions failed to make adequate lending commitments. Moorhead acknowledged that the administration would first have to establish the criteria used to measure compliance.

To improve homeownership opportunities, he said the government should change laws or policies where necessary, increase participation in V.I. Slice and make construction and mortgage financing more attainable for working families.

The island-by-island lending score emerged as the debate’s clearest shared banking commitment. If implemented with complete application and outcome data, it would allow the public to determine not simply what banks say they offer, but whether residents and businesses on each island are actually receiving credit.

The next test would be whether the candidates turn that disclosure pledge into enforceable reporting requirements and use the results when banks seek approvals from the Banking Board.