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VI Slice Program Secures First Mortgage, but Frustration Mounts Over Program Issues

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The V.I. Economic Development Authority announced on Monday that the first mortgage under the VI Slice program has been successfully secured, though the program faces a number of issues that impact its effectiveness and the willingness of potential homeowners to participate.

The VI Slice Moderate Income Homeownership Program, launched last October by Governor Albert Bryan, aims to provide aspiring homeowners or those in need of financing for property refurbishment with the necessary gap financing for their loans. Participating lending banks vet home loan applications, determine the required downpayment, and VI Slice covers that downpayment, with a minimum of \$5,000 required from the homeowner.

At its launch, five banks in the territory—Oriental Bank, FirstBank VI, Bank of St. Croix, Banco Popular, and Merchant's Bank—were announced as program participants, though Bank of St. Croix and Banco Popular have yet to offer the program to their customers, citing ongoing review, according to EDA CEO Wayne Biggs.

Following the announcement of the successful mortgage recipient, Biggs revealed that there are several other pending applications. "I think we have about three applications in, but all the banks are telling us that they have applications in the queue," he said. "We anticipate that our queue is going to fill up pretty quickly."

However, not all prospective applicants are optimistic about their chances. A frustrated individual, who requested anonymity, reached out to share their experience of vague and ever-changing requirements, as well as a lack of transparency and responsiveness from government agencies involved. The individual, who provided screenshots of communication between the lender and government agencies, said that these factors led them to abandon their application.

Email conversations reviewed by Consortium journalists revealed back-and-forth discussions between banking representatives and a loan applicant regarding new requirements that increased the upfront payment the prospective homeowner had to make. Instead of the originally stated \$5,000, the individual was informed that they would need to pay 5% of the home's value as a downpayment. Additionally, financial assistance from government programs would be capped at 95% of the property's value. The bank pushed back on these new requirements, stating that they limited the qualifications of many people.

Another woman shared her experience of an unscrupulous contractor manipulating prices in an attempt to gain more money from the VI Slice program. The woman, who chose to remain anonymous, signed a contract with the builder before the VI Slice program was announced. She claimed that the home was already constructed when the sellers contacted her mortgage provider to increase the price.

The woman expressed her frustration, stating, "So I did all my paperwork and I got approved for \$290 [thousand], right? Then they came and said you got to go up to \$330 [thousand]. Are you kidding me right now?" Despite the contract being for \$290,000, the price was raised to \$365,000, which the woman refused to accept. Ultimately, her lender decided against using the VI Slice framework, leaving her responsible for the higher cost of the property.

The woman admonished Governor Bryan to take a closer look at the program. "I said...maybe I want to get an attorney. But I really wanted the governor to know what's actually going on out here with this program, because it's really not cool."

Governor Bryan acknowledged that the program faced some issues but claimed they had been addressed. He noted that banks had been miscalculating the program funds, treating them as a mortgage rather than recognizing that they were effectively granted to the homeowner. The governor clarified that the program was designed to provide assistance, not to eliminate financial responsibility entirely.

Biggs, the EDA CEO, echoed the governor's sentiment, emphasizing that the program's goal is to assist, not enrich. He urged lenders to be more proactive in guiding their clients through the VI Slice program and expressed optimism about its future trajectory.

"So let's say you got 50 thousand dollars sitting in the bank, then the program will require you to liquidate your savings, or the bulk of your savings, before we put our money into it," he explained.

“But if you only have \$5,000, and you need a \$50 thousand payment, we should be able to fund the \$45,000 difference, provided that you qualify.”

He urged lenders to be more aggressive when it comes to shepherding their clients through the VI Slice program, and shared a positive outlook when it comes to the program’s trajectory in the immediate future. “We feel pretty good,” Biggs told the Consortium.

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