

2022



# VI Slice Moderate Income Homeownership Program

ADMINISTERED BY THE VI ECONOMIC DEVELOPMENT AUTHORITY

## VI Slice Moderate Income Homeownership Program

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The primary goal of the “*VI Slice*” Homeownership Program is to establish opportunities which may increase homeownership rates amongst moderate-income households in the US Virgin Islands. The program will support long-term sustainability, resiliency, and economic viability across the territory by providing financial assistance to expand affordable homeownership opportunities. This program will support the following activities:

- Home Purchase with Rehabilitation
- New Home Construction
- Down Payment & Closing Costs Assistance
- Secondary (Gap) Financing Assistance

### **Program Fact Sheet**

#### **Home Purchase and Rehabilitation Combo**

The Home Purchase Rehabilitation option will provide funding to clients for the purchase and/or rehabilitation of single-family or multi-family properties, limited to three dwellings on homesite.

1. Applicable repairs include home upgrades and improvements necessary for addressing health and safety issues, in addition to building code violations requiring repairs relative to plumbing, electrical, and structural deficiencies.
2. Applicable properties include those with duplexes or single-family homes with no more than two additional units, smaller in square footage.
3. Owner(s) must utilize dwelling with an equivalent or higher appraisal value, as primary source of residence.
4. Owner may utilize dwelling with an equivalent or lower appraisal value, as a long-term rental unit.
5. Smaller units utilized as rental units must be leased in accordance with HUD issued fair market rents.
6. The program prohibits the use of rental units as vacation rentals, or short-term rental units, with lease terms less than twelve (12) months in duration.
7. The property must be utilized and remain as the client’s primary residence for a minimum period of ten (10) years.
8. A “soft” second lien will be attached to the subject property title by the U.S. Virgin Islands Government for a minimum period of 10 years.
9. If the borrower sells the property or fails to maintain the resident requirement, a recapture of the second mortgage may be enforced.

## VI Slice Moderate Income Homeownership Program

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### New Home Construction Combo Loan

The New Home/Construction Combo Loan Program will provide funding to clients for the cost of raw land for homesite (if required), building materials, purchase of prefabricated or modular homes, construction cost for a single-family, or multi-family residence limited to two dwellings on homesite.

1. Applicable properties include those with duplexes or single-family homes with an additional unit, smaller in square footage.
2. Owner(s) must utilize dwelling with an equivalent or higher appraisal value, as primary source of residence.
3. Owner may utilize dwelling with an equivalent or lower appraisal value, as a long-term rental unit.
4. The program prohibits the use of rental units as vacation rentals, or short-term rental units, with lease terms less than twelve (12) months in duration.
5. The property must be utilized and remain as the client's primary residence for a minimum period of ten (10) years.
6. Eligible properties must derive from the open market. Virgin Islands Housing Finance Authority (VIHFA) products are not eligible.

### Down Payment & Closing Cost Assistance

The 20% Down Payment Assistance product will provide funding to clients for the required down payment deposit to secure a loan product in the form of a grant or a no-interest, second mortgage loan that will convert to a grant after the borrower lives in the subject property for a minimum period of ten (10) years.

1. Client is required to attain a commitment letter from qualifying lender for primary financing.
2. Program funds can be utilized for the full or partial amount needed for the required down payment and/or closing costs, providing that the combined amount does not exceed the program's maximum funding limit.
3. The property must be utilized and remain as the client's primary residence for a minimum period of 10 years.
4. Maximum Combine Loan-to-Value (CLTV) not to exceed 95%.
5. Funding Limit:       \$85,000.00.

## VI Slice Moderate Income Homeownership Program

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### **Secondary (Gap) Financing for Home Purchase/Home Construction**

The Secondary (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.

1. The applicant must obtain the maximum funding available from a primary financing lender.
2. The client is required to attain a commitment letter from a qualifying lender for at least 60% of the overall project cost.
3. Combined mortgage payments cannot exceed 38% of client's gross monthly household income.
4. The client's debt cannot exceed 43% of gross monthly household income unless a higher ratio is approved by the lender.
5. The client must obtain a 30-year but not more than a 40-year (if available) fixed rate loan from a primary lender.
6. The property must be utilized and remain as the client's primary residence for a minimum period of 10 years.
7. Maximum Combines Loan-to-Value (CLTV) not to exceed 95%.
8. Funding Limit: \$350,000.

## VI Slice Moderate Income Homeownership Program

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### Program Eligibility Determination

Applicant must meet established household income requirements.

**Minimum Household Income**

- o St. Croix \$43,501
- o St. John \$47,151
- o St. Thomas \$45,298

**Maximum Household Income**

- o St. Croix \$216,300
- o St. John \$260,750
- o St. Thomas \$242,900

- Applicant must be a first-time home buyer. A first-time homebuyer is 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.

Applicant must 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.

Applicant must attain a commitment letter for a mortgage loan based on underwriting standards of the primary financing lender.

Applicant must have the ability to make a minimum earnest money deposit of \$5,000.00. For Veterans holding a certificate of eligibility or an honorable discharge via the DD214, no earnest money deposit is required.

Applicant must attain a commitment letter for a mortgage loan from a primary lender.

Applicant must attend VIHFA's Homebuyer Education Program and earn a Homebuyer Education Certificate of Completion.

Applicant must have a minimum credit score of 620 or conform with required credit score of the primary lender.

## VI Slice Moderate Income Homeownership Program

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### Financing Requirements

- 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 client is required to submit the commitment letter from a qualifying lender for at least 60% of the overall project cost.
- Combined mortgage payments cannot exceed 31% of client's gross monthly household income.
- The client's debt cannot exceed 43% of gross monthly household income.
- The client 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 utilized and remain as the client's primary residence for a minimum period of ten (10) years.

The program will comply with Virgin Islands Economic Development Authority (VIEDA) Lending Policy and Procedures.



## VI Slice Moderate Income Homeownership Program

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### Program Checklist for Lenders

- Completed, signed, and dated lending institution mortgage loan application
- Lending institution's Uniform underwriting transmittal summary sheet
- Valid form of identification (Must be government-issued and have a photo. Acceptable forms of ID include a state-issued driver's license or ID card, passport or U.S. Alien Registration Card)
- Social Security Card
- Most recent pay stubs to assist with verifying the monthly income and show proof of employment (\*)
- Tax documents including all schedules, W-2 or 1099 forms and any other form of income which was used to determine repayment (\*)
- Self-employed: business and personal income tax returns, signed profit and loss statement, and list of all business debts (\*)
- Bank statements (\*)
- Verification of earnest deposit (if earnest deposit source was derived from a gift, a letter will be required to prove the money is not a personal loan that needs to be paid back. The lending institution must follow its loan policy as it relates to money in the form of a gift based on whether it's a conventional mortgage loan, FHA, VA, Fannie Mae, etc.)
- VA loan (including veterans, active-duty military, and surviving spouses will need to provide further documentation to verify eligibility).
  - DD Form 214 (military discharge, retirement or separation, surviving spouses must also include their marriage license and spouse's death certificate)
  - NGB Form 23 (discharged members of the Army National Guard)
  - Statement of Service (active-duty service members or current National Guard or Reserve members which must be printed on the official military letterhead and include the service member's full name, date of birth, Social Security number, entry date of duty and time lost, credible years of service, date of activation, orders activated, training status and the name of the commander providing this information)
- First-time home buyer certification
- Purchase/sales contract or Purchase agreement
- Warranty deed
- Tax assessors' real property tax value

## VI Slice Moderate Income Homeownership Program

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- Real Estate Appraisal report
- VIHFA's Homebuyer Education Program certification
- Credit report (acceptable credit reporting company)
- Contractor's estimate (renovations, construction – must be detailed and comply with lender's requirement)
- Proposed rent roll(s)

*\* based on lending institution's requirements \**

VI Slice is funded through a \$10 Million grant through the American Rescue Plan Act and administered by the VI Economic Development Authority.

### **Affiliate Agencies:**

