My name is James Crites. I have been asked to appear before the Committee in my role as the President of the Virgin Islands Bankers Association.

On behalf of the five banks comprising the Association, I am pleased to advise that all members of the Association provided Virgin Island borrowers with key benefits included within the CARES Act. These included both payment moratoriums on existing loans, as well as the extension of new loans under the Small Business Administration’s PPP loan program. The availability of the PPP loan program enabled employers to meet payrolls even if their business operation was constricted by COVID restrictions.

As the President & CEO of Merchants Commercial Bank, I can provide certain specific details of the payment relief programs we provided. We granted over 90 three month payment moratoriums under which both principal and interest payments were deferred to the final maturity of the loan, which was extended for the corresponding moratorium period. In a few select cases the moratorium period was extended further for an additional three or six months. All of the borrowers to which we extended moratoriums, with the exception of one, have resumed their regular payments and are performing in accordance with their loan agreement.

Merchants Commercial Bank extended over 300 PPP loans aggregating to over $17 Million Dollars. Nearly all of these loans were under $150,000. With all members of the Association participating in the PPP loan program, every small business in the Territory that qualified for the program had the opportunity to avail themselves of this benefit if they were willing to complete the relatively simple application process. Currently PPP loan borrowers are applying for forgiveness, and in some cases applying for a Second Draw PPP loan.
I cannot provide details regarding the moratorium programs offered by the other members of the Association, however I believe they were structured in a similar fashion as MCB’s.

The housing market in the Virgin Islands is served by all members of the Bankers Association, as well as several mortgage brokers. Both conventional as well as non-conforming mortgages are offered by multiple lenders. Consequently, credit worthy borrowers are able to have a choice when financing the purchase of real estate. Further competition in the market could be generated if non judicial foreclosure provisions were adopted. As a typical foreclosure proceeding today can exceed five years, even if non-contested, the costs associated with this process are distributed through the market.

Thank you for the opportunity to provide this brief update on the banking industry, as it relates to Housing.