



2023 BUYER'S GUIDE

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WELCOME TO ST CROIX

Hi! Has Island Fever taken hold of you? Are you considering a move to St Croix? If so, we know you have a million questions! So, that's why we prepared this guide - to help you learn more about the island, what it takes to move here, and what it's like to live here.

We sincerely hope this will be of help to you and invite you to email or call us with any questions you have. We consider "educating you" about the island to be one of the most important aspects of our job!

So just know that we've all been where you are, and we are eager to help! So as of right now, YOU have new friends in St Croix!

We can't wait to show you around and help you find your new home!

Kim



ABOUT OUR TEAM

The Agents at Island Life Real Estate are a bright and fun group of folks who share a love of St. Croix and a desire to help others achieve their real estate dreams. Led by Kim Lucas, the team embodies the spirit of helpfulness, honesty and integrity, and excels at listening, problem solving, negotiating, and helping people complete real estate transactions. You will find them to be professional, approachable and friendly. Let one of our agents introduce YOU to your next property!

Here's what you can expect when you work with our team to buy real estate:

Reliability and Dependability

You can count on us. We are trustworthy and responsible. And if we represent you, we will always be negotiating for your best interests!

Responsiveness

We will be alert and receptive to your specialized and unique real estate, marketing and transactional needs. We'll do our best to anticipate your needs, and prepare you for each step of the buying process. We'll be available for consultation throughout your entire transaction.



Market Knowledge

We ONLY sell property on St. Croix, know the market here, and are experienced and proficient in real estate transactions on the island.

Communication

We'll do our best to explain transaction terms in straightforward language and keep you informed of the progress of your transaction. If and when we notice a possible problem, we'll alert you immediately, and suggest solutions to resolve the issue.

An Enjoyable Sale

We mix work with fun and will do our best to alleviate any stress you feel or anxieties you have. We work toward achieving a successful transaction for all involved parties. We want to finish the sale as your friend, and earn your referrals for years to come.

GEOGRAPHIC AREAS



Christiansted
Frederiksted

East End "A" (EA)
East End "B" (EB)

NorthSide "A" (NA)
NorthSide "B" (NB)

West End (WE)
Company (CO)

King Quarter (KI)
Queen Quarter (QU)
Prince Quarter (PR)

The map of St. Croix is divided into 11 “Quarters” Indicate Geographic regions of the island. 77 Estates further divide the areas.

Christiansted

The larger of the two towns
Home to a fair amount of shopping
Most of our government is housed here, as are attorneys and Real Estate offices.
Home to a lively waterfront boardwalk where you can dine alfresco
Home to seaplane seaport
Hosts annual Christmas Boat Parade and St Patrick Day’s Parade

Frederiksted

Home to the cruise Ship Pier
Boasts a stunning waterfront
Home to the Fred Boutique Hotels, voted best adult resort in Caribbean
Economic Development “Opportunity Zone”

East End

East End “A” (EA) - (closer to Christiansted) and
East End “B” (EB) - (far east end of island)
Driest area, scrubby bushes, cactus, century plants, bougainvillea, hibiscus

Home to Point Udall, the eastern most part of the USA.
Great breezes
Surrounded by a reef (calm shoreline)
Hills and valleys
Great views of Buck Island
The most affluent part of island
Home to Yacht club and two marinas, four resorts, and two golf courses





North Shore

Northside "A" (western part of north shore); Northside "B" (close to Christiansted)
Hamm's Bluff - dramatic cliffs and high mountains
Cane Bay (closest land to deep water in the world)
World class diving here
Three and soon to be four resorts
Lush, tropical vegetation
Rocky shore and wave action

West End (WE)

Home of Sandy Point, one of the nicest beaches in the world!
Leeward part of island, water is typically calm and clear
Many beaches protected due to turtle nesting.
Home to several densely populated neighborhoods

Company Quarter (CO)

Nice beachfront on the South shore, including Haypenny Beach
Vast farmland with a rural feel
Home to a few densely populated neighborhoods

Queen Quarter (QU)

Stretches from North to South shore and is the center of the island.
The North shore offers dramatic beachfront and nice views of Buck Island.

The South side of this quarter is our main shopping area, "Sunny Isles"
The hospital, one gated oceanfront community and a large private school are located here

King Quarter (KI)

Home to several densely populated neighborhoods
Home to the Race Track
Industrial areas and home to Diageo

Prince Quarter (PR)

Lush & tropical, houses Botanical Gardens
Home to Airport, Diageo Rum Distillery, Cruzan Rum Distillery
Home to University of the VI and Central Education Complex
Home to a large gated golf course community



UNDERSTANDING MLS NUMBERS



At left is a map of our island. It's divided into 9 "Quarters" - which indicate the general geographic regions of the island. Then, there are estates within those Quarters. There are 77 of those. And finally, each home has a plot number and each condo has a unit number and complex name.

A residential property address will read like this:

10 (PLOT number) Betsy's Jewel (ESTATE name), NorthSide "B" Quarter (QUARTER name).

10	Betsy's Jewel	NB	21	1
PLOT number	ESTATE	QUARTER	YEAR property listed	SEQUENCE of listing

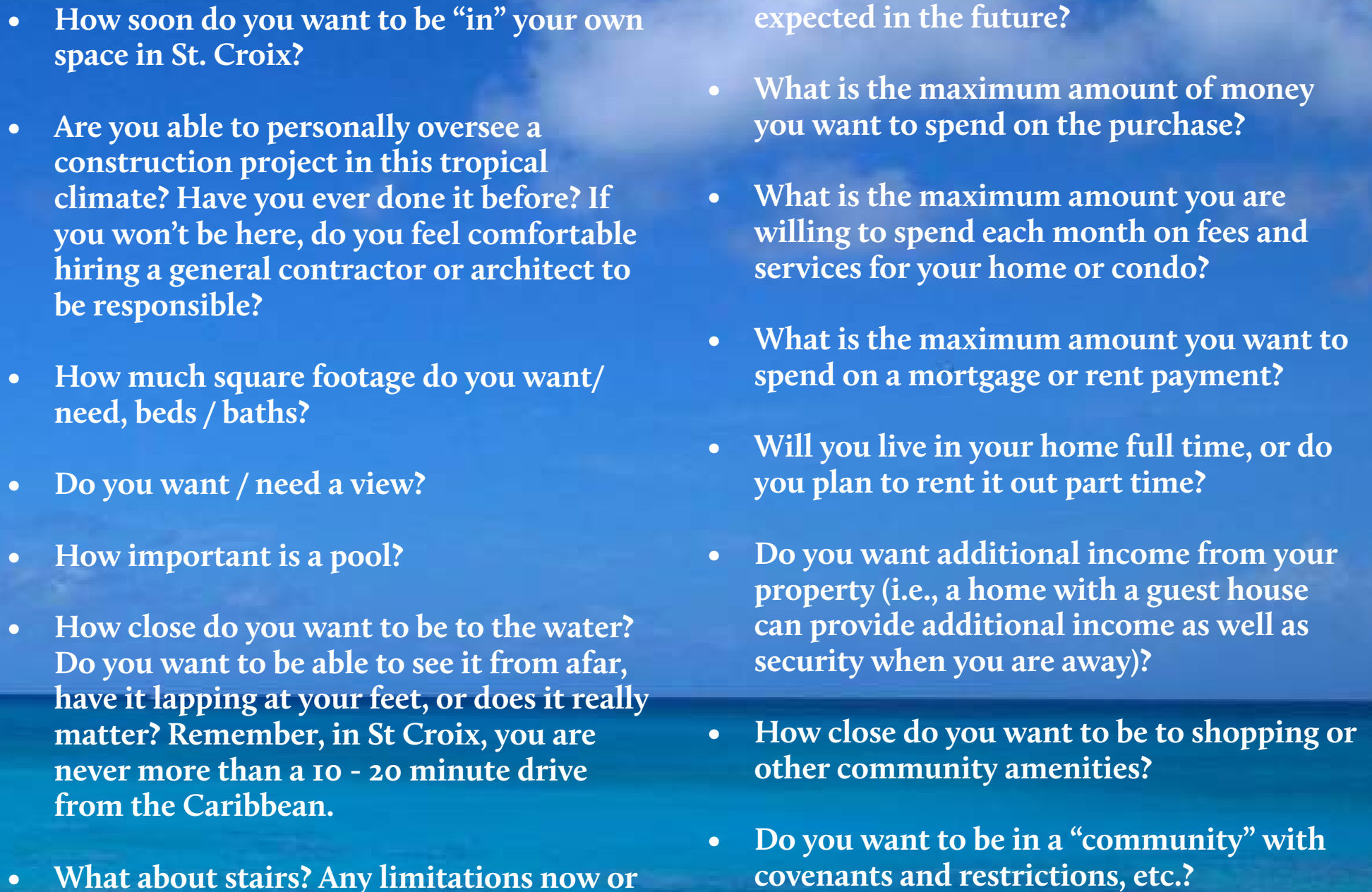
A condominium property address will read like this:

114 Mill Harbour (UNIT number), Golden Rock (ESTATE name), Company Quarter (QUARTER name). (So currently, the condo name is not shown in the listing header. Likely it will be in the description.) The first two numbers on an MLS listing denotes the YEAR in which the property was listed. The second number is the SEQUENCE of listing. So the first listing in January, 2023 will have an MLS number of 23-1.

114	Golden Rock	Company	23	1
UNIT number	ESTATE	QUARTER	YEAR property listed	SEQUENCE of listing

BUILD, BUY, RENT?

One of the big decisions you will need to make if you are considering a real estate purchase on St Croix is whether to build a new home, buy an existing home, purchase a condo, or rent. There are pros and cons associated with each choice. Here are some basic questions to consider that will help you in this decision process.

- 
- How soon do you want to be “in” your own space in St. Croix?
 - Are you able to personally oversee a construction project in this tropical climate? Have you ever done it before? If you won’t be here, do you feel comfortable hiring a general contractor or architect to be responsible?
 - How much square footage do you want/ need, beds / baths?
 - Do you want / need a view?
 - How important is a pool?
 - How close do you want to be to the water? Do you want to be able to see it from afar, have it lapping at your feet, or does it really matter? Remember, in St Croix, you are never more than a 10 - 20 minute drive from the Caribbean.
 - What about stairs? Any limitations now or expected in the future?
 - What is the maximum amount of money you want to spend on the purchase?
 - What is the maximum amount you are willing to spend each month on fees and services for your home or condo?
 - What is the maximum amount you want to spend on a mortgage or rent payment?
 - Will you live in your home full time, or do you plan to rent it out part time?
 - Do you want additional income from your property (i.e., a home with a guest house can provide additional income as well as security when you are away)?
 - How close do you want to be to shopping or other community amenities?
 - Do you want to be in a “community” with covenants and restrictions, etc.?



BUYING IN ST CROIX HERE'S HOW IT WORKS

We're part of USA - you get a DEED to your property here.

Your investment here is protected and secure!

Select an Agent, and "hire them" to represent you

- Declaration of agency not required here - ASK! There are typically no fees to be represented by an agent.
- Sub-agency is the "norm" here (your agent may be representing the Seller!)
- Understand that you have to give your agent permission for them to be a DUAL agent.

Contracts

- Earnest money is typically 10% of purchase price. It may be collected in 2 steps (1st a small deposit 2 days after contract executed; 2nd deposit after due diligence period).
- Closing date typically 3 - 4 months after contract execution, closing takes place at attorney's office - both parties need their own attorney.
- Due diligence - typically 2 weeks
- Sale of current home typically not accepted if

included as a contingency

- Attorney review of contract is a common contingency
- Always contingent on getting clear title

Closing Costs

- Inspection - \$800 - \$1500
 - Survey (needed if you want title insurance or if you're getting a mortgage) - \$1000 - \$2500 - cost depends on size of lot, accessibility, steepness)
 - Attorney fees typically \$2000 - \$2500
 - Lender fees & appraisal - typically include an application fee, origination fee, processing fee, appraisal fee, and underwriting fee; varies depending on the financial institution you're getting your loan from. Typically 1% to 2% of the loan amount.
- Title costs
 - Cost of searches applied to the insurance. Fees for searches: Title Search Only (\$300 per plot#); Name Search (\$75 per entity); Judgment and Lien Search (\$75 per entity).
 - The price of the policy based on the price of property.
- Price ranges from less than \$2000 for a property valued under \$200,000 to 2 - 3 times that for a property valued over half a million.
- Mortgage company will require a policy, and you can get one at same time, for reduced cost.
- Transfer tax - typically paid by Seller, but is negotiable.
 - 2% for properties valued up to \$350,000
 - 2.5% for properties valued from \$350,001 - \$1 million
 - 3% for properties valued from \$1,000,001 - \$5 million
 - 5% for properties over \$5 million.
- Recording fees: The Buyer typically pays a little over \$1.00/\$1,000 of property value.
- Hurricane insurance on HOMES. You will pre-pay your 1st year's insurance prior to closing. Use 2% of the purchase price as a "guesstimate" of annual cost.




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REAL ESTATE

INVESTING IN ST CROIX

The largest of the US Virgin Islands, St. Croix offers the laid-back lifestyle of a tropical island, combined with the appeal of fine (and diverse) dining and shopping.

There is a big population of “mainlanders” on the island, and the variety of activities offered makes it easy to meet like-minded people and make friends.

Your dreams of living on a Caribbean island can be realized, and you don’t have to give up wine tastings, fine dining, gourmet items at large and modern grocery stores, excellent music, or even theatre.

Your money goes far on St. Croix – much farther than in the other Caribbean Islands with comparable amenities. We have an active tourist industry, but nothing like the hustle-bustle of St Thomas, one of the cruise ship capitals of the world.

We have more wide-open spaces – our island is mountainous, but not as mountainous as St John or St Thomas, so driving here is not as “challenging”.

Come and see! We have two world-class resorts to pamper you, many small boutique hotels, and private villas to really help you get a feel of what it would be like to live here. We would love to show you the island and let you experience first-hand what this beautiful place has to offer.

St Croix offers many investment opportunities – not only rental properties but waterfront land, acreage for development, and businesses. The island is poised for real estate growth and development.

We need developers – there haven’t been any new condos for 30 years! Building costs are high, but land is reasonable and plentiful.



BUYING A CONDO FOR INVESTMENT PURPOSES

Many people contact us interested in buying a condo here in St Croix. The prices range from around \$100,000 to well over a million, with most in the \$200,000 - \$300,000 range. Buying a condo in St Croix is quite different from buying one in the states.



Ability to Get Financing

- Many condo complexes here are not financeable. Those that are “self-insured” (i.e., there is no commercial insurance in place) and condo-hotels specifically are non-financeable. These include Club St Croix, Sugar Beach, Colony Cove.
- Many lenders will not lend less than \$100,000, so lower priced units are not financeable.
- Other complexes have not kept up with the myriad of paperwork required by the lenders, or are involved in a lawsuit, or are under-insured, and literally, a complex may be financeable today, and not tomorrow, so we have to check for you.
- Condos that are financeable will most likely require a 25% down payment.
- VA loans are not available on condos unless they are free standing units.



Condo Fees

- Condo fees range from \$250 a month to \$1,400 a month.
- Commercial windstorm insurance (hurricane insurance) is very expensive here, and will add at least \$200/month or more to the fees
- Complexes without a commercial policy have a monthly “self-insurance” fee to fund an account reserved for use in the event of a catastrophe.
- Common area maintenance is more costly than in states (landscaping and pool service are year-round expenses here).
- Electricity is about 4 times more expensive here than in the states - so just “keeping the lights on and the pool clean” is a costly undertaking.
- Maintaining a waterfront property is different from maintaining one in Kansas. Salt is corrosive, and maintenance is an ongoing, expensive proposition here.
- Labor costs here are higher than in the states.
- Condo fees include things like garbage pickup, cable, monthly pest control, and perhaps an on-site generator (which is expensive to purchase, run, and maintain), property managers and caretakers, fences and gates (which must be maintained)



Buying a Condo vs House

- If you purchase a home, your monthly expenses are likely to be just as high as condo fees. In many of the complexes, cable, internet, generator costs, and pest control are included in the condo fees.

- Depending on your budget, you can get a much nicer place to live, in a much nicer area, if you purchase a condo. If you want a view and a pool, and don't want to do a lot of remodeling and maintenance, you can expect to pay well over three quarters of a million for a home. The same features will be less than half that in a condo.
- Waterfront homes generally start at around a million, and homes with vacation rental potential will command over three quarters of a million, generally speaking. You can get a condo that you can vacation-rent for significantly less money; around \$250,000 and up.



Investment Units

- If you purchase a condo in a “condo hotel,” (which must be a cash purchase), the management there can manage and rent your unit for about 40% of your rental income.
- Other non-condo-hotel complexes do not provide this service, so you'll have to hire someone. Anticipate paying 18-25% of your rental income.
- With a condo purchase, you stand a good chance of breaking break even, AND you have a condo in paradise that you can enjoy!



Age & Condition of Units

- Most condo complexes are 30+ years old. While some people have remodeled and updated their units, many have not, so be prepared for older kitchens and baths, floors that are dated, popcorn ceilings and even popcorn walls in some cases.
- Also, waterfront complexes take a beating from the sea; so the exteriors may look a bit more weathered than you'd see stateside.



Walking Distance to Places

- There are two condo complexes in Frederiksted that are on great beaches, and are not too far from Frederiksted town. Kirkegade Hus in Christiansted is an “in-town” complex, but not on a beach. Schooner Bay and Fort Augusta are in Gallows Bay, fairly close to town and to the Altoona Lagoon park.
- Some of the less expensive condo complexes, like Bay Garden and Long Reef, are close to the outskirts of town (and grocery stores), and not too far from the beaches of Condo Row. And Condo Row condos (the condo hotels) are pretty close to town and are on the beach.



Beaches

- While many condo complexes are waterfront, few are on what would be considered a “swimmable” beach. The shores are either rocky or grassy, with too much wave action for swimming to be pleasant.
- In St Croix, you are never too far from a nice beach.
- Listening to, hearing, and smelling the sea from your condo is pleasant even if “getting in” the sea is not viable at the complex.



Pet Policy

- Very few condo complexes here allow pets, and those that do typically restrict the pets to one small (under 35 pound) animal.
- Emotional support animals with proper and authentic credentials must be allowed.



- Pet friendly complexes include Questa Verde, Coakley Bay, Saman, Sweet Lime, Kirkegade Hus, Maison de Poincy, St C (cat only), Gentle Winds, The Reef (indoor cats only) and Villa Madeleine.
- A few others will allow a pet with board approval, so make sure your offer to purchase has a contingency for pet approval.

BUYING A CONDO
DON'T FORGET TO ASK



- 
- 1. If you need a mortgage, ask if the complex is financeable.**
25% down is required on condos, and VA loans cannot be obtained for a condo purchase unless the unit is “free standing”.
 - 2. What is the monthly condominium fee and what does it pay for?**
 - 3. What are the condominium rules & regulations?**
 - 4. What is the condominium fee delinquency rate?**
Lenders want to see the rate at 15% or less.
 - 5. Is there a professional management company, or is the association self-managed?**
A professional management company, or even on-site property managers, while an added cost, can add great value to a condominium.
 - 6. How much money is in the capital reserve account?**
The capital reserve fund is like an insurance policy for inevitable capital repairs. It should contain 10% or more of the annual revenue budget. If the capital reserve account is poorly funded, there’s a higher risk of a special assessment. Get a copy of the budget for the last 2 years, the current reserve account funding level, and any capital reserve study.
 - 7. Are there any contemplated or pending special assessments?**
Special assessments are one-time fees for capital improvements payable by every unit owner, and can run in the thousands. Be aware if you are buying a special assessment along with your unit. Ask for the last 2 years of condominium meeting minutes to check what’s been going on with the condominium.
 - 8. Is the condominium involved in any pending legal actions?**
This will impact your ability to get financing as well as impact the budget.
 - 9. How many units are owner-occupied?**
A large percentage of renters can create unwanted noise and neighbor issues. It can also raise re-sale and financing issues since condominium regulations set limits on the ratio of owner occupied to rented units.
 - 10. What does the Master Insurance Policy cover?**
The policy should have \$1M or more in coverage. Get an individual HO-6 policy covering the unit’s interior and contents, because the master policy and condo by-laws may not cover all interior or personal possessions damage in case of a roof leak, pipe burst or other problem arising from a common area element. Obtain a copy of the policy and check the by-laws. Complexes with over 20 units need fidelity insurance to protect against embezzlement.



BUILDING ON ST CROIX

A lot of people ask what it costs to build a house on the island of St. Croix. It's tough to give a solid answer, because there are SO many variables to consider!

Factors influencing Building Costs:

- Most materials must be shipped to the island; thus prices are higher.
- Homes must be built to Miami-Dade building code (Hurricane ready)
- Cistern size (based on size of house, and figure \$4.00 - \$5.00 per gallon)
- Slope of lot - can increase your costs by up to 20% for site prep work
- Type of finishes - for luxury finishes, figure \$400 - \$500 per square foot.

- Amount of indoor vs Outdoor space - outdoor space is much less expensive!
- Who is paying "as you go" - if your Builder can draw on your account, you might get a discount.

The most important thing is to find a builder that you are comfortable with, see some homes he has built, talk with his customers to see how satisfied they are.

Another great option is to first engage an architect, who will likely be able to recommend a builder that will be a good match for what you're looking to do, and a good architect can oversee the construction process.

Conventional building here takes two to three years, whereas Structural Insulated Panel homes or steel framed homes can be completed in significantly less time, and for less money, typically.



1031 EXCHANGES

TAX-DEFERRED EXCHANGE

A 1031 Exchange (Tax-Deferred Exchange) is one of the most powerful tax deferral strategies remaining available for taxpayers today. Taxpayers should never have to pay income taxes on the sale of property if they intend to reinvest the proceeds in similar or like-kind property.

PROS

The advantage of a 1031 exchange is the ability of a taxpayer to sell income, investment or business property and replace it with like-kind replacement property without having to pay federal income taxes on the transaction. A sale of property and subsequent purchase of a replacement property doesn't work. There must be an exchange.

Section 1031 of the Internal Revenue Code is the basis for tax-deferred exchanges. The IRS issued "safe-harbor" Regulations in 1991, which established approved procedures for exchanges under Code Section 1031.

Prior to the issuance of these regulations, exchanges were subject to challenge under examination on a variety of issues. With the issuance of the 1991 regulations, tax-deferred exchanges became easier, affordable and safer than ever before.

CONS

The disadvantages of a 1031 Exchange include a reduced basis for depreciation in the replacement property. The tax basis of replacement property is essentially the purchase price of the replacement property minus the gain, which was deferred on the sale of the relinquished property as a result of the exchange. The replacement property thus includes a deferred gain that will be taxed in the future if the taxpayer cashes out of his/her investment.

We have a full brochure on 1031 Exchanges. Please [email](#) us to request it!



PROPERTY TAXES & TAX CREDITS

Property Taxes are low in the USVI. The mil rate is:

Homes/Condos: (.00377 x purchase price)

Land: (.004946 x purchase price)

The minimum \$360.00 tax was implemented with the 2018 property tax bill.

1. General Homestead

Property owners who occupied the home as their primary residence as of January 1 of the current tax year are eligible. Applicants must show proof of residency by providing a valid USVI driver's license or voter's registration card. Applicants are also asked to show proof of occupancy by providing a current utility bill. Maximum tax credit: \$400.00

2. Veterans

Property owners must meet occupancy requirements and be honorably discharged from the U.S. Armed Services. Applicants must provide a copy of their DD-214 at the time of filing, in addition to a valid USVI driver's license or voter registration card. Maximum tax credit: \$650.00

3. Seniors

Property owners must meet occupancy requirements. Applicants are also eligible to claim this credit for properties held by tenants in the entirety, if either Spouse is 60 years or older on January 1, of the taxable year. The credit is available only when individual Annual Gross Income (AGI) is less than \$30,000 and household



AGI does not exceed \$50,000. Applicants must provide a stamped copy of the previous year's tax return and proof of age at time of application. Maximum Tax Credit: \$500.00

4. Disabled

Applicants must meet occupancy requirements and be suffering from a disability as determined by the Social Security Administration as of January 1 of the taxable year. Applicants must provide documentation from the SSA at time of filing, as well as a stamped copy of their previous year's tax return. Maximum Tax Credit: \$500.00

5. Class 1 Inheritance Tax Credit

The property owner must have acquired the property through inheritance and must own unimproved property of 5 acres or less. Credit equal to 80% of the real property taxes levied until \$5,000 or more of improvements are made on said property.

6. Visitable Home Tax Credit

Available to property owners whose property tax bills increased by 125% or more and whose household gross income is less than \$135,000. Credit equal to 20% of the taxes levied by the Tax Assessor. Certification must be from the Virgin Islands Department of Planning and Natural Resources.



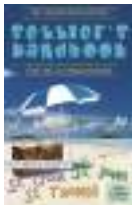


RESOURCES

<http://www.stcroixcalendar.com> - What's happening on the island - weekly updates.

<http://www.gotostcroix.com> - Great website about the VI, updated regularly.

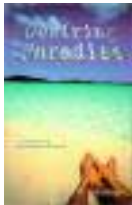
<https://www.visitusvi.com/st-croix> - Great website about happenings in St Croix



Settlers Handbook for the U.S. Virgin Islands
(Relocation Guide)



Don't Stop the Carnival: A Novel by Herman Wouk
Fictional and dated but it captures the essence of the islands very well. Fun read!



Desiring Paradise by Karin W. Schlesinger
How to and how not to move to an island.



Glassbottom Days by Willie Wilson
This is a memoir set in the Virgin Islands. The author moved to the Virgin Islands from New York in 1958.



Life in the Left Lane by Emy Thomas
Good guide to local customs and perspective.



The Wild Life in An Island House by Gail Karlsson
Are you planning to move to the Virgin Islands? Want to learn about the critters that will be sharing the island and maybe your home with you? Get ready to learn about mosquitoes and more.



Living In De V.I. - An Introduction For Newcomers (DVD) by Alex Randall
Join Alex Randall as he introduces you to his home, the US Virgin Islands.
DVD available to purchase here: <http://www.vitraders.com/product/21-39.html>

