

## Medallion Owners Listen To Bankruptcy Options



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Fri, Mar 31, 2017

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Last month Cab Drivers United/AFSCME Local 2500 held an informational meeting for medallion owners who are having difficulties paying their loans. Many medallion owners are currently underwater – they owe on their medallion loans more than their medallions are worth. That largely has to do with the precipitous drop in medallion prices over the past few years. In 2013 the median medallion sales price was \$357,000 with 370 transfers. Last year the median price was \$60,000 with only 31 transfers.

Because of competition from ridesharing services like uberX and Lyft, the money a driver makes on the street is not what it used to be and for owners who lease their medallions, it's not as easy to find drivers. Either way the result is greater difficulty in paying medallion loans.

The problem for most borrowers in the industry is that when they purchased their medallions they had to make personal guarantees to pay the debt. Thus even if a medallion is technically owned by a corporation, the debt doesn't go away by simply filing for bankruptcy protection for the corporation. Because of the personal guarantee, the lender can still come after the borrower's personal assets.

Cab Drivers United/AFSCME Local 2500 brought in attorney Namal Amaraweera to discuss various options borrowers may have, which may include Chapter 7 bankruptcy, Chapter 13, Asset Protection, and Renegotiating with the lender.

As Amaraweera explained, the best option depends on the borrowers' unique circumstances.