

Credit Union Times

Taxi Medallion Losses Nearly Double in Q2



New York City taxicabs

Net losses nearly doubled to \$93.5 million in the second quarter for three New York credit unions heavily saddled with [taxi medallion loans](#).

More than three quarters of the losses came from two Queens credit unions that were placed into NCUA conservatorship last year: Melrose Credit Union, Briarwood, N.Y. (\$1.1 billion in assets, 19,864 members) and LOMTO Federal Credit Union, Woodside, N.Y. (\$156.2 million in assets, 2,283 members).

The third, Progressive Credit Union of New York (\$423.8 million in assets, 2,980 members), generated \$3.6 million in net income in the first quarter, but generated a \$21.6 million loss during the three months that ended June 30, compared with its \$19.4 million loss in 2017's second quarter.

Progressive remains in "well capitalized" territory with a net worth ratio of 19% on June 30. However, the Manhattan credit union's ratio is down from 22.3% on March 31 and 29.3% on June 30, 2017.

Meanwhile, the net worth ratios of the Queens credit unions have plummeted well past the NCUA's "critically undercapitalized" designation, which applies to credit unions with net worth ratios under 2%. Melrose's ratio was -32% on June 30, down from -24.8% on March 31 and 2.7% at the end of 2017's second quarter. LOMTO's was -34.6%, down from -24.1% on March 31 and 1.3% a year ago.

Melrose has the largest exposure to the loans secured by taxi medallions: \$833.2 million, accounting for two-thirds of its total loans.

The metal badges have been displayed in New York cabs since the 1930s, when the city began using them to set standards for taxi services and allow drivers to make a living wage. However, the value of medallions has plummeted in the last several years with the proliferation of Uber, Lyft and other unregulated ride-sharing services.

Read more about the taxi medallion crisis in the Aug. 29, 2018 print issue of CU Times.

<https://www.cutimes.com/2018/08/15/taxi-medallion-losses-nearly-double-in-q2/>