

The Taxi Medallion Loan Mess

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Agenda

- Overview of the Problem
- NCUA
- In The News
- Legislative Concerns
- What's It Mean For IA?

Overview



Overview

- Taxi Medallions
- Collateral Collapse
- Loan Concentrations

Taxi Medallions



Taxi Medallions

- NYC
- Boston
- Chicago
- Philadelphia
- San Francisco

Collateral Collapse

- 2013 Value = \$1.3mm
- 2018 Value = \$250k
- 2019 Value = \$150k



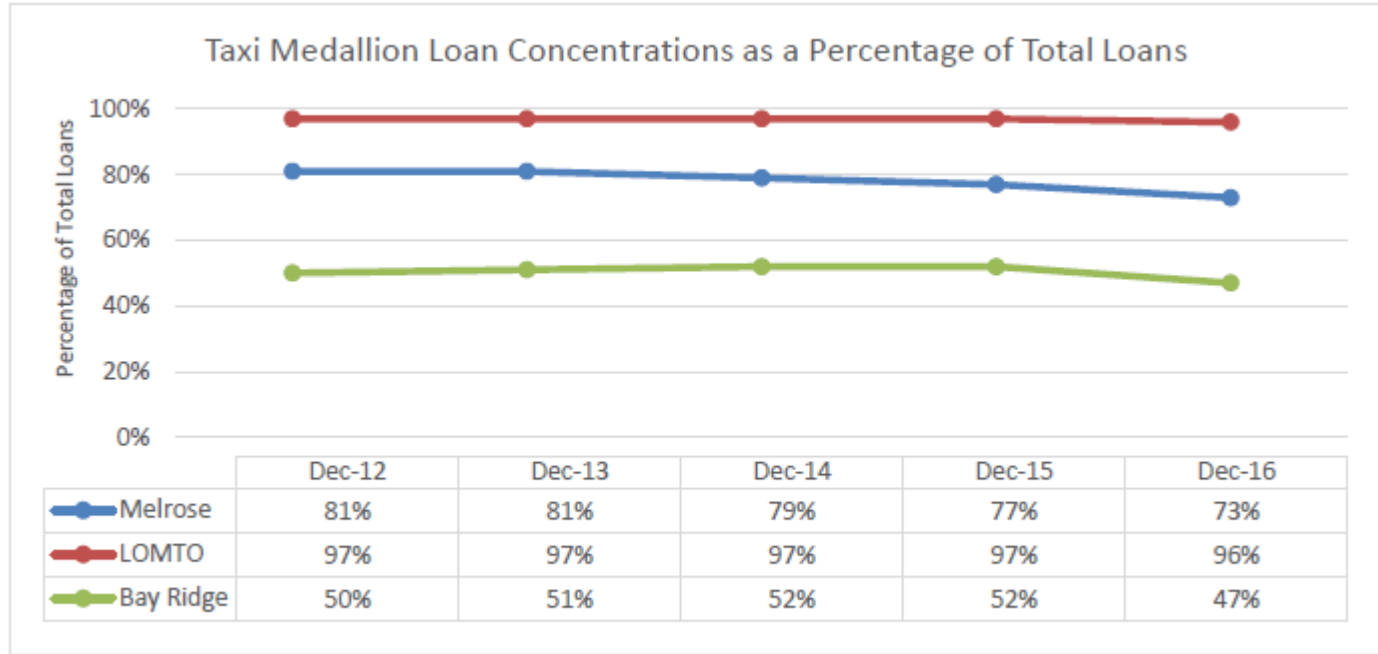
Collateral Collapse



Loan Concentrations

- Bayridge FCU
- Melrose FCU
- LOMTO CU

Loan Concentrations



Loan Concentrations

- Too Many Eggs In One Basket
- Loan Policy Exceptions (?)

NCUA



NCUA

- Hood's July 2019 Daily News Article
 - What NCUA Is Doing
- NCUA 15-CU-03
 - FAQ
 - "Unique Risks"
 - Speculative Nature

NCUA – OIG-19-06

- OIG-19-06 (3/29/19)
 - Significant Concentrations in Medallion Loans
 - Unsafe & Unsound Lending Practices
 - Weak BOD & Management Oversight/Inadequate RM Practices
 - NCUA Supervision Not Timely & Aggressive Enough

NCUA – OIG-19-06

- 3 Recommendations to NCUA:
 - ID Concentration Risk At CU's
 - Revise Exam QC For High Concentration Risk
 - Update Exam Scope To Review CU's Practice On Analyzing Debt Service Requirements

NCUA – What's Next

- Findings 1 & 2 By 12/31/20
- Finding 3 By 1/31/20
- Supervisory Priorities For 2020
- 2020 Reg Exams

In The News



NY
DAILY NEWS

The logo for the NY Daily News, featuring the letters 'NY' in a large, bold, black serif font, with 'DAILY NEWS' in a smaller, black, sans-serif font below it, separated by a small red square.

**NEW
YORK
POST**

The logo for the New York Post, featuring the words 'NEW', 'YORK', and 'POST' stacked vertically in a bold, white, italicized sans-serif font with black outlines, set against a solid red square background.

In The News

- CU Today July 2019: SF FCU & Demand Letters To Taxi Members
- Daily News July 2019: Chairman Hood
- NY Post 9/19: AOC Wants Bailout
- NY Times 5/19: Not Just Uber/Lyft's Fault
- NY Post: 10 Articles Since June

Legislative Concerns



Legislative Concerns

- 8/16/19 Letter
 - 11 NY Lawmakers
 - To NCUA & Bank Regulators
 - Want More Info
 - Has Reg Oversight Increased?

What's It Mean For IA?



What's It Mean For IA?

- Review/Revise MBL IAP
 - Policy Review
 - BOD/Management Oversight
 - Collateral Controls
 - Loan Concentrations

What's It Mean For IA?

- ALLL Audit
 - Proper Allocations?
 - Concentrations Factored In?
- 2020 Risk Assessment
- 2020 Audit Plan

Questions





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Thank You!

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