

**Congress of the United States**  
**Washington, DC 20515**

October 12, 2017

The Honorable J. Mark McWatters  
Chairman  
National Credit Union Administration  
1775 Duke St.  
Alexandria, VA 22314

Dear Chairman McWatters:

We write to request that the National Credit Union Administration (NCUA) review its treatment of loans originated by Melrose Credit Union (Melrose) that are secured by New York City taxi medallions. The practice of requiring these loans to be rapidly repaid, in full, has already resulted in the bankruptcy of thirty-five borrowers, and will likely result in a smaller portion of outstanding loan amounts being recovered than otherwise would be. Should this occur, American taxpayers could be forced to cover avoidable losses created by NCUA policy.


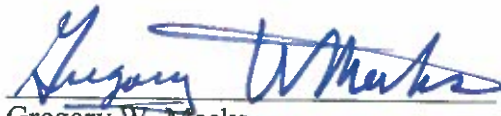
We understand that more than 90 percent of Melrose's loan portfolio is comprised of medallion-backed loans, and that medallions have recently declined in value from a high of \$1.3 million to \$160,000. As a result, Melrose has been placed in conservatorship. While this may have been a necessary action for the NCUA to take, we ask that you recognize the unique income-generating nature of the underlying asset – taxi medallions – and examine the ways in which other lenders have addressed the holding of medallion-backed loans within their portfolios.

The overwhelming majority of taxi medallion owners wish for nothing more than the opportunity to repay the money they borrowed in order to purchase a medallion, the traditional underpinning of the taxicab business in New York City. Responsible lenders recognize this fact, which is why they have permitted medallion owners to modify debt-servicing in a number of ways, including reductions in interest rates, deferred interest, and extended amortizations. By working with borrowers, lenders know that medallion holders will retain the right to operate their taxis, and that they will be able to work-off their debts as originally intended.

If the NCUA continues to unfairly punish borrowers who have, through no fault of their own, been impacted by changes to a traditionally-regulated industry, the result will be the assumption of medallions that will decline even further in value. This decline will diminish the recovery efforts of your agency, and will further harm the ability of existing medallion holders to make a living. We urge you to work with medallion owners, on a case-by-case basis, and to cease the practices of doubling interest rates, demanding homes be offered as additional collateral, refusing loan assumptions by willing third-parties, and requiring additional guarantors such as spouses be added to loans. If the NCUA persists in pursuing such remedies, Melrose borrowers will be forced seek bankruptcy protection and an industry-wide collapse could occur.

We thank you for your attention to this matter, and we look forward to working with you to achieve a just result for borrowers who used Melrose Credit Union to finance the purchase of their medallions. Please do not hesitate to contact any of us, anytime, with any questions or concerns you may have.

Sincerely,

  
Grace Meng  
Member of Congress  
Joseph Crowley  
Member of Congress  
Adriano Espaillat  
Member of Congress  
Carolyn B. Maloney  
Member of Congress  
Gregory W. Meeks  
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Nydia M. Velázquez  
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