

UNITED STATES OF AMERICA
NATIONAL CREDIT UNION ADMINISTRATION
NATIONAL CREDIT UNION ADMINISTRATION BOARD

_____)
In the Matter of the)
Cease-and-Desist Order of)
Montgomery County Teachers Federal)
Credit Union)
Derwood, MD)
)
)
)
)
)
_____)

Docket # 12-0027-R2

**STIPULATION AND CONSENT
TO CEASE AND DESIST ORDER**

The National Credit Union Administration Board ("NCUA Board"), by and through its undersigned Regional Director, and Montgomery Teachers Federal Credit Union ("the Credit Union" or "MCT") hereby stipulate and agree as follows:

1. Consideration. The NCUA is of the opinion that grounds exist to initiate an administrative cease and desist action against the Credit Union pursuant to Section 206 of the Federal Credit Union Act, 12 U.S.C. § 1786. The Credit Union, without admitting that said grounds exist (except those set forth as to jurisdiction in paragraph 2), desires to avoid the time, cost and expense of administrative litigation. Accordingly, the Credit Union consents to this Stipulation and Consent to Cease and Desist Order ("Stipulation") and subsequent issuance by the NCUA Board of a Cease and Desist Order ("Order").

2. Jurisdiction.

REC-2 11-17 11:21:12

(a) Montgomery County Teachers Federal Credit Union ("MCT") is a federally chartered and insured credit union subject to examination and supervision by the National Credit Union Administration ("NCUA") pursuant to section 206 of the Act, 12 U.S.C. § 1786.

(b) The Credit Union is located in Derwood, MD.

(c) At all relevant times Thomas Beck was Chief Executive Officer of MCT and is an "Institution-affiliated Party" as defined by section 206(r) of the Act, 12 U.S.C. § 1786(r).

3. Consent. The Credit Union consents to the issuance by the NCUA Board of the accompanying Cease and Desist Order. Pursuant to the Federal Credit Union Act, the Credit Union consents to the following terms and conditions:

Effective May 16, 2012, the Credit Union shall immediately:

1. Comply with the Letter of Intent signed on April 11, 2012 between the Respondent and Educational Systems Federal Credit Union ("Educational Systems") to finalize the voluntary merger that was agreed to between Respondent and NCUA in lieu of producing a satisfactory NWRP, pursuant to 12 U.S.C. §1790d and 12 C.F.R. §702.203(a)(2).
2. Take all actions necessary to comply with the Letter of Intent and following deadlines, including providing full access to records and cooperating with Educational Systems during the due diligence process. Ensure that the merger resolution and merger agreement are complete by June 1, 2012 and the merger package is submitted to the NCUA Regional Director no later than June 15, 2012.

3. Provide full cooperation towards the merger with Educational Systems FCU. Do not obstruct, delay or interfere in any manner with the merger process. Cease and desist all actions that could be considered an alternative to the merger, unless authorized by NCUA.
4. Refrain from imposing unreasonable conditions and restrictions on a merger agreement, including, but not limited to, requiring Educational Systems to hire any or all of Respondent's staff, placing Respondent's directors on Educational Systems' board, or limit changes to member services.
5. Notify the NCUA Regional Director immediately should either the Respondent or Educational Systems FCU decide to cease merger discussions or discontinue the voluntary merger process.
6. Ensure that the December 31, 2011 financial statement audit is completed no later than May 31, 2012, including making any necessary accounting adjustments recommended by the auditor before the audit is complete. Complete all necessary accounting adjustments as stipulated by the audit report within 5 days of receiving the audit report.
7. Reconcile all accounts by May 31, 2012.
8. Require the audit firm to provide NCUA with a copy of all reports provided to the Respondent, including drafts and the final report and management letter, contemporaneously with the Credit Union.
9. Refrain from making any changes to products, programs, services, operations and systems, which could jeopardize the merger process,

without the express written approval of NCUA. This includes imposing fees or charges on any services.

10. Ensure that sufficient staff is in place to conduct operations in a safe and sound manner with appropriate internal controls, including but not limited to, temporarily or permanently hiring, or reorganizing staff, to fill open managerial and accounting positions, such as branch managers and accountants.
11. Take appropriate measures to protect the integrity of all records. Comply with all federal rules applicable to maintaining financial records and do not destroy any records before the merger is final.

4. Modification. The Credit Union and the NCUA agree that the above items in the preceding paragraph will remain in effect unless modified in writing by the NCUA Region II Director. The Credit Union agrees that any such modification shall constitute an amendment to the Order and shall be fully enforceable by NCUA.

5. Waivers. The Credit Union waives its right to an administrative hearing to the Cease and Desist Order as provided for in Section 206 of the Federal Credit Union Act, 12 U.S.C. § 1786. It further waives its right to seek judicial review of the Cease and Desist Order or otherwise challenge the validity or legality of the Order.

6. Finality. The Cease and Desist Order will be issued pursuant to Section 206 of Federal Credit Union Act, 12 U.S.C. § 1786. Upon its issuance by the NCUA Board, it shall be a final Order, effective and fully enforceable by the NCUA.

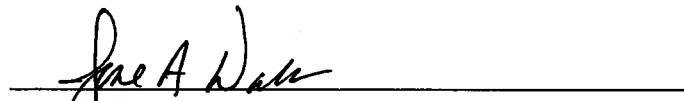
WHEREFORE, in consideration of the foregoing, the undersigned, on behalf of the NCUA and the Credit Union, execute this Stipulation and Consent to Cease and Desist Order.

FOR THE CREDIT UNION:


Name & Title

5-18-12
Date

FOR THE NATIONAL CREDIT UNION ADMINISTRATION BOARD


By: Jane A. Walters
Regional Director, Region II

5-21-2012
Date