

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	
)	Chapter 11
TRIAD GUARANTY INC., ¹)	
)	Case No. 13-11452 (MFW)
Debtor.)	
)	
)	Re: Docket No. 36 <i>450</i>

ORDER ESTABLISHING PROCEDURES FOR INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR PROFESSIONALS AND OFFICIAL COMMITTEE MEMBERS

Upon the motion (the "Motion")² of Triad Guaranty, Inc., the debtor and debtor-in-possession (the "Debtor") in the above-captioned case, for entry of an order (this "Order") establishing procedures for interim compensation and reimbursement of expenses for the Professionals and for members of any official committee appointed in this chapter 11 case, all as more fully set forth in the Motion; and the Court having found that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtor's estate, its stakeholders, and other parties in interest; and the Court having found that the Debtor provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances; and the Court having reviewed the Motion and having heard

¹ The last four digits of the Debtor's federal taxpayer identification number are 8519. The location of the Debtor's headquarters and the Debtor's service address is 1900 Crestwood Blvd., Birmingham, AL 35210.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

any statements in support of the relief requested therein at a hearing before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at any Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted.
2. Except as may otherwise be provided in Court orders authorizing the retention of specific Professionals, all Professionals in this chapter 11 case may seek monthly compensation in accordance with the following procedures:

- (a) As soon as is practicable at the discretion of the Professional, each Professional seeking compensation may file an application (a "Monthly Fee Application") for interim allowance of compensation for services rendered and reimbursement of expenses incurred during the preceding month and serve such Monthly Fee Application on: (i) Triad Guaranty Inc., 1900 Crestwood Blvd., Birmingham, AL 35210, Attn.: William T. Ratliff, III; (ii) proposed counsel for the Debtor, Womble Carlyle Sandridge & Rice, LLP, 222 Delaware Avenue, Suite 1501, Wilmington, Delaware 19801, Attn.: Francis A. Monaco, Jr.; (iii) proposed special counsel for the Debtor, Morrison & Foerster LLP, 1290 Avenue of the Americas, New York, NY 10140, Attn.: Anthony Princi; (iv) The Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Federal Building, 844 King Street, Suite 2207, Wilmington, Delaware 19801, Attn.: Jane M. Leamy; and (v) proposed counsel to any official committee appointed in this chapter 11 case (collectively, the "Notice Parties"). Any Professional that fails to file a Monthly Fee Application for a particular month or months may subsequently submit a consolidated Monthly Fee Application that includes a request for compensation earned or expenses incurred during previous months. All Monthly Fee Applications must comply with the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and applicable Third Circuit law.
- (b) Each Notice Party will have until **4:00 p.m., prevailing Eastern time, on the 21st day (or the next business day if such day is not a business day) following service of the Monthly Fee Application** (the "Objection Deadline") to object to the requested fees and expenses in accordance with the procedures described in subparagraph (c) below. Upon the expiration of the Objection Deadline, a Professional may file a certificate of no objection with

the Court with respect to any unopposed portion of the fees and expenses requested in its Monthly Fee Application (a "CNO"). After a CNO is filed, the Debtor is authorized and directed to pay the Professional an amount (the "Actual Monthly Payment") equal to the lesser of: (i) 80% of the fees and 100% of the expenses requested in the applicable Monthly Fee Application (the "Maximum Monthly Payment") and (ii) 80% of the fees and 100% of the expenses requested in the applicable Monthly Fee Application that are not subject to an objection pursuant to subparagraph (c) below.

- (c) If any Notice Party wishes to object to a Professional's Monthly Fee Application, it must (i) file a written objection (each, an "Objection") with the Court on or before the Objection Deadline, and (ii) serve the Objection on the affected Professional and each of the other Notice Parties so that it actually is received by each of these parties on or before the Objection Deadline. Thereafter, the objecting party and the affected Professional may attempt to resolve the Objection on a consensual basis. If the parties are unable to reach a resolution of the Objection, the affected Professional may either: (i) file a request with the Court for payment of the difference between the Maximum Monthly Payment and the Actual Monthly Payment made to the affected Professional (the "Incremental Amount"); or (ii) forego payment of the Incremental Amount until the next interim or final fee application hearing, at which time the Court will consider and dispose of the Objection if requested by the parties.
- (d) As soon as is practicable after the entry of the Order, each Professional may submit its first Monthly Fee Application. This initial Monthly Fee Application will cover the period from the Petition Date through June 30, 2013. Thereafter, the Professionals may file Monthly Fee Applications in the manner described above.
- (e) At three-month intervals or such other intervals convenient to the Court (the "Interim Fee Period"), each of the Professionals may file with the Court and serve on the Notice Parties a request (each, an "Interim Fee Application Request") for interim Court approval and allowance of the compensation and reimbursement of expenses sought by such Professional in its Monthly Fee Applications, including any holdbacks, filed during the Interim Fee Period, pursuant to Bankruptcy Code section 331. The Interim Fee Application Request, which will be substantially in the form of Exhibit 1 attached hereto, must include a brief description identifying: (i) the Monthly Fee Applications that are the subject of the request; (ii) the amount of fees and expenses requested; (iii) the amount of fees and expenses paid to date or subject to an

Objection; (iv) the deadline for parties other than the Notice Parties to file objections (the “Additional Objections”) to the Interim Fee Application Request; and (v) any other information requested by the Court or required by the Local Bankruptcy Rules. Objections, if any, to the Interim Fee Application Requests shall be filed and served upon the affected Professional and the Notice Parties so as to be **actually received on or before the 15th day (or the next business day if such day is not a business day) following service of the applicable Interim Fee Application Request.**

- (f) Each Professional may file and serve its first Interim Fee Application Request on or after September 1, 2013. The first Interim Fee Application Requests shall cover fees and expenses incurred from the Petition Date through and including August 31, 2013. Thereafter, each Professional may file and serve its Interim Fee Application Request as soon as is practicable at the discretion of the Professional following the end of each Interim Fee Period.
- (g) The Debtor will request that the Court schedule a hearing on the Interim Fee Application Requests at least once every four months or at such other intervals as the Court deems appropriate. If no Objections are pending and no Additional Objections are timely filed, the Court may grant an Interim Fee Application Request without a hearing.
- (h) The pendency of an Objection to payment of compensation or reimbursement of expenses will not disqualify a Professional from the future payment of compensation or reimbursement of expenses under the Compensation Procedures. Any Professional that fails to file a Monthly Fee Application or an Interim Fee Application Request when due or permitted will be ineligible to receive further interim payments of fees or expenses under the Compensation Procedures until such time as a Monthly Fee Application or Interim Fee Application Request is submitted by the Professional. There will be no other penalties for failing to file a Monthly Fee Application or an Interim Fee Application Request in a timely manner.
- (i) Neither (i) the payment of or the failure to pay, in whole or in part, monthly interim compensation and reimbursement of expenses under the Compensation Procedures nor (ii) the filing of or failure to file an Objection will bind any party in interest or the Court with respect to the final allowance of applications for compensation and reimbursement of expenses of Professionals. All fees and expenses paid to Professionals under the Compensation Procedures are subject to disgorgement until final allowance by the Court.

3. Each member of a Committee shall be permitted to submit statements of expenses (excluding third-party counsel expenses of individual Committee members) and supporting vouchers to the Committee's counsel who will collect and submit such requests for reimbursement in accordance with the Compensation Procedures; *provided, however*, approval of the Compensation Procedures shall not authorize payment of such expenses to the extent that such authorization does not exist under the Bankruptcy Code, Bankruptcy Rules, Local Bankruptcy Rules, applicable Third Circuit law, or the practices of this Court.


4. The Professionals shall only be required to serve the Monthly Fee Applications, Interim Fee Application Requests, and the final fee application (collectively, the "Applications") on the Notice Parties. All other parties that have filed a notice of appearance with the clerk of this Court and requested notice of pleadings in this chapter 11 case shall be entitled to receive only notice of hearings on the Applications.

5. All notices given in accordance with the Compensation Procedures shall be deemed sufficient and adequate notice and in full compliance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules.

6. The Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

7. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: July 8, 2013



The Honorable Mary F. Walrath
United States Bankruptcy Judge