

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

	)	
In re:	)	Chapter 11
	)	
TRIAD GUARANTY INC., <sup>1</sup>	)	Case No. 13-11452 (MFW)
	)	
Debtor.	)	<b>Re: D.I. 99</b>
	)	

**DEBTOR’S RESPONSE TO THE MOTION OF THE INSURANCE  
REHABILITATOR FOR AN ORDER SHORTENING NOTICE WITH  
RESPECT TO THAT PORTION OF THE OBJECTION OF ANDREW  
BORON, DIRECTOR OF INSURANCE OF THE STATE OF ILLINOIS  
ACTING AS REHABILITATOR OF TRIAD GUARANTY INSURANCE  
CORPORATION AND TRIAD GUARANTY ASSURANCE CORPORATION,  
TO DEBTOR'S MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS  
ESTABLISHING PROCEDURES FOR (A) CERTAIN TRANSFERS OF  
EQUITY INTERESTS, AND (B) TAKING OR IMPLEMENTING CERTAIN  
OTHER ACTIONS AFFECTING THE INTERESTS OF THE DEBTOR; AND  
REQUEST FOR RELIEF FROM THE AUTOMATIC STAY TO THE  
EXTENT IT APPLIES TO THE STATE COURT REHABILITATION  
PROCEEDING, WHICH SEEKS STAY RELIEF**

Triad Guaranty Inc., the above-captioned debtor and debtor-in-  
possession (the “Debtor”), by and through its undersigned counsel, hereby responds  
(the “Response”) to the Motion of the Insurance Rehabilitator for an Order  
Shortening Notice (the “Motion to Shorten”) [D.I. 99] with Respect to That Portion  
of the Objection of Andrew Boron, Director of Insurance of the State of Illinois  
Acting as Rehabilitator of Triad Guaranty Insurance Corporation and Triad Guaranty  
Assurance Corporation (the “Rehabilitator”), to Debtor’s Motion for Entry of Interim

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<sup>1</sup> 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.

and Final Orders Establishing Procedures for (A) Certain Transfers of Equity Interests, and (B) Taking or Implementing Certain Other Actions Affecting the Interests of the Debtor; and Request for Relief From the Automatic Stay to the Extent it Applies to the State Court Rehabilitation Proceeding, Which Seeks Stay Relief (the “Stay Relief Motion”) [D.I. 98]. In support of this Response, the Debtor respectfully represents the following:

**FACTUAL BACKGROUND**

1. On June 3, 2013 (the “Petition Date”), the Debtor filed a petition with this Court under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”). The Debtor is operating as a debtor-in-possession pursuant to Bankruptcy Code sections 1107(a) and 1108. No request for the appointment of a trustee or examiner has been made in this case, and no committee has been appointed.

2. On the Petition Date, the Debtor filed its Motion to Approve Interim and Final Orders Pursuant to Sections 105(a), 362, and 541 of the Bankruptcy Code (i) Establishing Procedures for (a) Certain Transfers of Equity Interests, and (b) Taking or Implementing Certain Other Actions Affecting the Interests of the Debtor, and (ii) Scheduling a Final Hearing (the “Trading Motion”) [D.I. 4].

3. On June 5, 2013, this Court entered that certain Interim Order Pursuant to Sections 105(a), 362, and 541 of the Bankruptcy Code (i) Establishing Procedures for (A) Certain Transfers of Equity Interests, and (B) Taking or

Implementing Certain Other Actions Affecting the Interests of the Debtor, and (ii) Scheduling a Final Hearing [D.I. 17].

4. On July 12, 2013, the Debtor filed its revised, proposed final order and Supplemental Memorandum of Law in Support of the Trading Motion [D.I. 72].

5. By stipulation of the Debtor and the Rehabilitator dated July 23, 2013 (the "Stipulation") [D.I. 93], the Rehabilitator's deadline to file his response to the Trading Motion was extended to August 2, 2013 at 6:00 p.m. CDT. The Stipulation also provides that the Debtor shall file its reply in support of the Trading Motion by August 16, 2013 at 4:00 p.m. EDT, and a final hearing on the Trading Motion shall be held on August 21, 2013 at 3:00 p.m. EDT (the "August 21 Hearing").

6. On August 2, 2013, the Rehabilitator filed his Stay Relief Motion and objection to the Trading Motion. The Debtor has received no other response to the Trading Motion.

7. On August 2, 2013, the Rehabilitator also filed his Motion to Shorten with respect to the Stay Relief Motion, requesting, among other things, that a hearing on the Stay Relief Motion be held at the August 21 Hearing.

### **RESPONSE**

8. The Debtor files this Response to inform the Court that, without waiving any objection to the Stay Relief Motion, it does not oppose the Motion to Shorten and does not oppose the Court conducting a preliminary, non-

evidentiary hearing on the Stay Relief Motion at the August 21 Hearing, at which the Court may, among other things, schedule a final hearing on the Stay Relief Motion.

See Del. Bankr. L.R. 4001-1(c)(iii).

9. Rule 4001-1(c)(iii) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) provides that:

The hearing date specified in the notice of the motion [for relief from the automatic stay] will be a preliminary hearing at which the Court may (A) hear oral argument, (B) determine whether an evidentiary or other final hearing is necessary, (C) set a date by which the parties shall exchange supporting documentation, (D) set a date by which the parties must produce the report of any appraiser whose testimony is to be presented at the final hearing and/or (E) set a date and time for a final hearing.

Del. Bankr. L.R. 4001-1(c)(iii).

10. In the Motion to Shorten, the Rehabilitator does not refer to Local Rule 4001-1(c)(iii). The Rehabilitator does not request, and the proposed form of order filed with the Motion to Shorten does not provide for, any modification of Local Rule 4001-1(c)(iii). Therefore, consistent with Local Rule 4001-1(c)(iii), the Debtor does not understand the Rehabilitator to be seeking a final hearing on the Stay Relief Motion at the August 21 Hearing. Accordingly, the Debtor does not oppose the Motion to Shorten and reserves all of its arguments as to the Stay Relief Motion.

11. Counsel for the Debtor is available at the Court’s convenience should the Court have any questions for the Debtor regarding this Response.

Dated: August 5, 2013

**WOMBLE CARLYLE SANDRIDGE  
& RICE, LLP**

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