

Exhibit B

Tax Allocation Agreement

CONSOLIDATED TAX ALLOCATION AGREEMENT

This Agreement, effective October 18, 1993, is by and between Triad Guaranty Inc., a Delaware corporation ("Parent") and Triad Guaranty Insurance Corporation ("Triad"), an Illinois corporation. Parent and Triad are sometimes collectively referred to as the "Group".

The members of the Group are affiliated corporations permitted to file a consolidated federal income tax return under provisions of Section 1501, et seq., of the Internal Revenue Code of 1986, as amended. The parties recognize by electing to file a consolidated federal income tax return certain benefits will accrue to all members of the Group. Therefore, the parties have determined that it is in their best interests to enter into an Agreement to file federal income tax returns on a consolidated basis.

In consideration of the mutual benefits to be derived from this Agreement, the parties agree as follows:

ARTICLE ONE

ELECTION TO FILE A CONSOLIDATED INCOME TAX RETURN

The parties agree and elect to file a consolidated federal income tax return pursuant to the provisions of Section 1501, et seq., of the Internal Revenue Code of 1986, and regulations promulgated under those sections.

ARTICLE TWO

METHOD OF ALLOCATION

2.1 The consolidated tax liability of the Group shall be paid by the parties in the following manner:

Each party shall pay that percentage of the total tax liability of the Group that the tax of such member, if computed on a separate return, would bear to the total amount of taxes for all members of the Group so computed. For purposes of this Agreement, the term "tax" shall exclude U. S. Government Mortgage Guaranty Tax and Loss Bonds purchased by a private mortgage insurer. The calculation of tax of such member shall be made pursuant to Regulation 1.1552-1(a)(2). Each subsidiary shall pay such amount to the Parent on the due date or dates that the Parent must make the payments to the Internal Revenue Service or as soon after that date as possible.

2.2 If a member shall have made payments to the Parent for any taxable year in excess of its liability computed under Article 2.1 (whether determined on audit or otherwise), the amount of any overpayment shall be repaid to that member. The repayment shall be made to the member by the Parent no later than the date the payment would have been made to this member by the Internal Revenue Service had the member filed a separate return,

or as soon thereafter as possible. In the event the Parent receives a tax refund from the Internal Revenue Service applicable to activities of the member, the Parent shall make payment to the member when the refund is received by the Parent, or as soon thereafter as possible.

2.3 If a member shall have made payments to the Parent for any taxable year in an amount less than its liability computed under Article 2.1 (whether determined on audit or otherwise), the member shall pay the Parent the amount of such deficiency. The payments shall be made no later than the date such payments would have been required by the Internal Revenue Service if the member had filed a separate return, or as soon thereafter as possible.

2.4 Subsequent changes in the amount of a member's tax liability and the reimbursement payment shall be considered an intercompany payable or receivable and not a dividend or surplus contribution, as the case may be.

ARTICLE THREE

TERM AND CANCELLATION

This Agreement shall take effect as of the day set forth on page 1 and shall continue until terminated by the mutual Agreement of the parties. In the event any party or parties cease to be affiliated with the Group, this Agreement automatically terminates to that corporation.

ARTICLE FOUR

AMENDMENTS AND NEW AFFILIATES

4.1 This agreement may, from time to time, be amended, modified, and supplemented in such manner as may be mutually agreed upon by the parties. Any amendment, modification, or supplement to the Agreement shall be in writing and shall be executed by a duly appointed representative of each of the parties.

4.2 Any corporation formed as a subsidiary of any of the parties of this Group that become eligible to join in the filing of a consolidated return will not participate in the consolidated tax allocation until such time as the new entity has begun business for the purposes of amortizing start-up expenses as defined under Internal Revenue Code Section 195. At the time the entity has begun business for the purposes of amortizing start-up expenses or otherwise subsequently becomes eligible to join in the filing of a consolidated income tax return, it will automatically become subject to the terms of this Agreement and will be bound by it and will be entitled to all of the benefits of this Agreement; and no further action will be required on the part of the new entity or the parties to this Agreement.

4.3 Any corporation acquired as a subsidiary of any of the members of the Group that becomes eligible to join in the filing of a consolidated income tax return automatically becomes subject to the terms of this Agreement and will be bound by it and will be entitled to all of the benefits of this Agreement as if it had been an original party to this Agreement, and no further action will be required on the part of the new entity or the parties to this Agreement.

4.4 If any entity leaves the consolidated group or otherwise becomes ineligible to file a consolidated return, that entity shall not participate in this allocation Agreement from that date forward. However, any balances remaining due between members at the date a member becomes ineligible to file a consolidated return shall be settled as provided for in this Agreement.

ARTICLE FIVE

SEVERABILITY

Every article, term, condition, and provision of this Agreement is declared to be independent of and severable from all other articles, terms, conditions, and provisions of the Agreement. In validation, whether judicial or otherwise, of any article, term, condition, or provision contained in the Agreement shall in no way effect any other provisions of this Agreement, all of which shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the duly authorized officers on the 3RD day of FEBRUARY, 1994.

TRIAD GUARANTY INC.

By: William A. Petty, III
Chairman

TRIAD GUARANTY INSURANCE CORPORATION

By: David M. Skelton
Vice President

AMENDMENT
To
CONSOLIDATED TAX ALLOCATION AGREEMENT ("Agreement")
Between
TRIAD GUARANTY INC. ("TGI")
and
TRIAD GUARANTY INSURANCE CORPORATION ("TGIC")

WHEREAS, TGI and TGIC entered into the Agreement on or about February 3, 1994 which was effective October 18, 1993; and

WHEREAS, Triad Guaranty Assurance Corporation ("TGAC") was formed on or about December 23, 1994; and

WHEREAS, the parties desire to enter into this Amendment to memorialize the terms of their agreement.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

- 1 Pursuant to Article 4.2 of the Agreement, TGAC was automatically subject to the terms of the Agreement and was bound by the Agreement as a result of being a subsidiary of TGIC.
2. To further clarify the Agreement, the parties wish to make TGAC a named party to the Agreement.
3. Effective as of the date this Amendment is signed, TGAC is hereby a named party to the Agreement.

7th **IN WITNESS WHEREOF**, the parties have executed this Agreement effective the day of December 2004.

TRIAD GUARANTY INC.

By: *Douglas Thompson*
President

TRIAD GUARANTY INSURANCE CORPORATION

BY: *Ron Tessing*
SENIOR EXECUTIVE VICE PRESIDENT

TRIAD GUARANTY ASSURANCE CORPORATION

By: *Erol F. Wall*
Senior Vice President