

September 21, 2012

Ms. Diane Fremgen, Clerk
Wisconsin Court of Appeals
110 East Main Street, Suite 215
Madison, WI 53703-5141

Re: ***In the Matter of the Rehabilitation of:
Segregated Account of Ambac Assurance Corporation
Appeal No. 2012AP1332 LV***

Dear Ms. Fremgen:

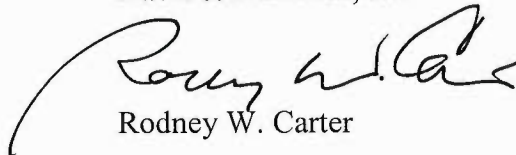
Enclosed for filing are five copies of Federal National Mortgage Association (Fannie Mae)'s Motion to Extend or Stay Briefing Schedules Pending Court of Appeals' Action on Fannie Mae's Petition for Leave to Appeal, or in the Alternative, Motion for Clarification of the Court's September 14, 2012 Order

By copy of this letter, each party, or group of parties represented by the same counsel, are being served with these documents as indicated below.

Thank you.

Very truly yours,

Davis & Kuelthau, s.c.


Rodney W. Carter

RWC:lkr
Enclosures

cc: Ms. Barbara A. Neider and Mr. Daniel W. Stolper (via Email & US Mail)
Mr. William F. Bauer and Ms. Karen M. Gallagher (via Email & US Mail)
Mr. Michael B. Van Sicklen (via Email & US Mail)
The Honorable William D. Johnston (via US Mail)
Dane County Clerk of Court Carlo Esqueda (via US Mail)
All Counsel of Record (via email)

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COURT OF APPEALS OF WISCONSIN
DISTRICT IV

In the Matter of the Rehabilitation of:
Segregated Account of Ambac
Assurance Corporation:

Ted Nickel and Office of the
Commissioner of Insurance,

Petitioners-Respondents,

Ambac Assurance,

Interested Party-Respondent,

v.

Federal National Mortgage Association
(Fannie Mae),

Interested Party-Petitioner-
Appellant,

Wells Fargo Bank/Trustee of
Bondholders, Aurelius Capital
Management LP, Fir Tree Inc., King
Street Capital
Management LP, Monarch Alternative
Capital LP, Stonehill
Capital Management LLC, RMBS
Policyholders, Eaton Vance
Management, Nuveen Asset
Management, Restoration Capital
Management LLC, Stone Lion Capital
Partners LP, LVM
Bondholders, The Bank of New York
Mellon, Federal Home
Loan Mortgage Corporation (Freddie
Mac), Wells Fargo

Dane County Case No.
10CV1576

Appeal No. 2012AP1332 LV

Bank/Trustee of RMBS Certificate
Holders, HSBC Bank, USA,
National Association, Deutsche Bank
National Trust
Company, Deutsche Bank Trust
Company Americas, US Bank
National Association, Bank Insureds,
Bank of America NA,
Depfa Bank, PLC, Assured Guaranty
Corporation and Goldman
Sachs & Co., Inc., Knowledgeworks
Foundation and Treasurer
of the State of Ohio, One State Street
LLC, PNC Bank, NA,
All Student Loan and Lloyds TSB
Bank PLC, Customer Asset
Protection Company, Wilmington
Trust Company and
Wilmington Trust FSB, GCM
Opportunity Fund LP, Glenview
Capital Partners LP, Glenview
Institutional Partners LP,
Glenview Capital Masters Fund Ltd.,
Glenview Capital
Opportunity Fund LP and Glenview
Offshore Opportunity
Master Fund Ltd.,

Interested Parties.

**MOTION TO EXTEND OR STAY BRIEFING SCHEDULES PENDING COURT
OF APPEALS' ACTION ON FANNIE MAE'S PETITION FOR LEAVE TO
APPEAL, OR IN THE ALTERNATIVE, MOTION FOR CLARIFICATION OF
THE COURT'S SEPTEMBER 14, 2012 ORDER**

Federal National Mortgage Association (Fannie Mae), by its undersigned counsel, moves the Court of Appeals for an order extending or staying the briefing schedule in this appeal while Fannie Mae's Petition for Leave to Appeal remains pending before this Court. In the alternative, Fannie Mae moves this Court for clarification of its September 14, 2012 Order.

On August 9, 2012, Fannie Mae transmitted a motion to this Court requesting an order extending or staying the briefing schedule in this appeal while Fannie Mae's Petition for Leave to Appeal remains pending (the "8/9/12 Motion"). In the alternative, the 8/9/12 Motion requested an order on the status of the pending petition. The 8/9/12 Motion does not presently appear in the Court's docket as set forth on CCAP.¹

On August 20, 2012, Ambac Assurance Corporation ("Ambac"), the Office of the Commissioner of Insurance and Commissioner Theodore K. Nickel (together "OCI") filed a joint response to the 8/9/12 Motion, indicating that neither objected to the motion to stay while Fannie Mae's Petition for Leave to Appeal remained pending before this Court (the "8/20/12 Concurrence").

¹ A copy of the 8/9/12 Motion is attached.

The 8/20/12 Concurrence does not presently appear in the Court's docket as set forth on CCAP.²

The 8/9/12 Motion requested that the Court of Appeals stay Fannie Mae's obligation to respond to the pending Motions to Dismiss until such time as Fannie Mae's Petition for Leave to Appeal is decided.

Fannie Mae respectfully submits that the 8/9/12 Motion outlines the usual course of action followed by the Court of Appeals when an alternate petition for leave to appeal and appeal are both pending before this Court: an alternate petition for leave to appeal is decided prior to briefing of motions on the appeal. Further, the September 14, 2012 Order does not reference the 8/9/12 Motion or the 8/20/12 Concurrence.

Efficient process and administration of justice for the parties, as well as the Court, would dictate that the alternate petition for leave to appeal be addressed before the motions to dismiss and appeal. As indicated in the 8/9/12 Motion, Fannie Mae's further briefing in the appeal will be influenced by this Court's resolution of the alternate petition for leave to appeal. An

² A copy of the 8/20/12 Concurrence is attached.


affirmative ruling on the alternative petition for leave to appeal would negate Fannie Mae's obligation to respond to the motions to dismiss, and it would also negate this Court's need to rule on the motions to dismiss.

For all of these reasons, Fannie Mae requests that this Court rule on Fannie Mae's alternative petition for leave to appeal before requiring a response to the motions to dismiss its direct appeal.

In the alternative, Fannie Mae respectfully requests an order on the status of the 8/9/12 Motion, as well as its alternative petition for leave to appeal, with extended briefing deadlines being issued to accommodate any impact that this Court's decision on the alternative petition for leave to appeal will have on the need for additional briefing in the appeal.

Dated at Brookfield, Wisconsin, this 20th day of September, 2012.

DAVIS & KUELTHAU, s.c.
*Attorneys for Federal National
Mortgage Association (Fannie Mae)*

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COURT OF APPEALS OF WISCONSIN
DISTRICT IV

In the Matter of the Rehabilitation of:
Segregated Account of Ambac
Assurance Corporation:

Ted Nickel and Office of the
Commissioner of Insurance,

Petitioners-Respondents,

Ambac Assurance,

Interested Party-Respondent,

v.

Federal National Mortgage Association
(Fannie Mae),

Interested Party-Petitioner-
Appellant,

Wells Fargo Bank/Trustee of
Bondholders, Aurelius Capital
Management LP, Fir Tree Inc., King
Street Capital
Management LP, Monarch Alternative
Capital LP, Stonehill
Capital Management LLC, RMBS
Policyholders, Eaton Vance
Management, Nuveen Asset
Management, Restoration Capital
Management LLC, Stone Lion Capital
Partners LP, LVM
Bondholders, The Bank of New York
Mellon, Federal Home
Loan Mortgage Corporation (Freddie
Mac), Wells Fargo

Dane County Case No.
10CV1576

Appeal No. 2012AP1332 LV

Bank/Trustee of RMBS Certificate
Holders, HSBC Bank, USA,
National Association, Deutsche Bank
National Trust
Company, Deutsche Bank Trust
Company Americas, US Bank
National Association, Bank Insureds,
Bank of America NA,
Depfa Bank, PLC, Assured Guaranty
Corporation and Goldman
Sachs & Co., Inc., Knowledgeworks
Foundation and Treasurer
of the State of Ohio, One State Street
LLC, PNC Bank, NA,
All Student Loan and Lloyds TSB
Bank PLC, Customer Asset
Protection Company, Wilmington
Trust Company and
Wilmington Trust FSB, GCM
Opportunity Fund LP, Glenview
Capital Partners LP, Glenview
Institutional Partners LP,
Glenview Capital Masters Fund Ltd.,
Glenview Capital
Opportunity Fund LP and Glenview
Offshore Opportunity
Master Fund Ltd.,

Interested Parties.

**MOTION TO EXTEND OR STAY BRIEFING SCHEDULES PENDING COURT
OF APPEALS' ACTION ON FANNIE MAE'S PETITION FOR LEAVE TO
APPEAL, OR IN THE ALTERNATIVE, MOTION FOR STATUS OF THE
PENDING APPEAL**

Federal National Mortgage Association (Fannie Mae), by its undersigned counsel, moves the Court of Appeals for an order extending or staying the briefing schedule in this appeal while Fannie Mae's Petition for Leave to Appeal remains pending before this Court. In the alternative, Fannie Mae moves the Court for an order on the status of the pending petition.

The grounds for this motion are that due to the procedural history of this case, Fannie Mae's further briefing in the appeal will be influenced by this Court's resolution of the pending Petition for Leave to Appeal.¹ Indeed, whether Fannie Mae will be required to file further briefs in the appeal ultimately depends on how this Court resolves the pending Petition for Leave to Appeal. Because the pending petition addresses the finality of the trial court's order, and therefore whether there is a final, appealable order from which an appeal can properly be taken, the Court's resolution of the pending Petition for Leave to Appeal necessarily will determine how, whether, and with what priority Fannie Mae will address certain issues raised by the Office of The Commissioner of

¹ An outline of the relevant procedural history of this case can be found in Fannie Mae's previously filed pleadings, currently pending before this Court.

Insurance and Ambac Assurance Corporation in their pending motions to dismiss.

Fannie Mae filed its Petition for Leave to Appeal on June 18, 2012 and its Notice of Appeal on July 9, 2012. Both filings sought review of a June 4, 2012 order of the circuit court. Ambac Assurance Corporation, the Office of the Commissioner of Insurance and Commissioner Theodore K. Nickel filed motions to dismiss Fannie Mae's appeal on July 20 and July 23, 2012, claiming that the circuit court's order was non-final and not appealable as of right. On July 25, 2012, Fannie Mae moved the court for an enlargement of time in order to formulate a response to the motions to dismiss.

For the reasons outlined in Fannie Mae's pending Petition for Leave to Appeal, Fannie Mae believes the trial court's June 4, 2012 order is final. Likewise, the movants maintain the trial court's order lacks finality. However, this Court's decision on Fannie Mae's Petition for Leave to Appeal will effectively decide whether the trial court's order is final or non-final, negating the need for a response to the motions to dismiss.

Pursuant to Wis. Stat. § 809.14(3)(a), "[t]he filing of a motion seeking an order or other relief which may affect the disposition of

an appeal or the content of a brief, . . . automatically tolls the time for performing an act required by these rules from the date the motion was filed until the date the motion is disposed of by order.” As the resolution of Fannie Mae’s Petition for Leave to Appeal could affect the disposition of the appeal, as well as negate the need for Fannie Mae to respond to the pending motions to dismiss, Fannie Mae respectfully requests an order staying the briefing schedule imposed by Wis. Stat. § 809.19 while a decision on the Petition for Leave to Appeal remains pending before this Court. If this Court determines that this motion does not fall within the reach of § 809.14(3)(a), Fannie Mae respectfully requests that this Court nonetheless extend the briefing schedules while the Petition for Leave to Appeal is pending for the reasons cited above.

In the alternative, Fannie Mae respectfully requests an order on the status of the pending Petition for Leave to Appeal with extended briefing deadlines being issued to accommodate any impact that this Court’s decision on the Petition for Leave to Appeal will have on the need for additional briefing in the appeal.

Dated at Brookfield, Wisconsin, this 9th day of August, 2012.

DAVIS & KUELTHAU, s.c.
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Mortgage Association (Fannie Mae)

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CLERK OF COURT OF APPEALS
OF WISCONSIN

COURT OF APPEALS OF WISCONSIN
DISTRICT IV

Appeal No. 2012AP1332-LV
Dane County Case No. 2010CV1576

In the Matter of the Rehabilitation of:
Segregated Account of Ambac Assurance Corporation,

Ted Nickel and Office of the Commissioner of Insurance,

Petitioners- Respondents,

Ambac Assurance Corporation,

Interested Party-Respondent,

v.

Federal National Mortgage Association (Fannie Mae),

Interested Party-Petitioner-Appellant,

Wells Fargo Bank/Trustee of Bondholders, Aurelius Capital Management LP, Fir Tree Inc., King Street Capital Management LP, Monarch Alternative Capital LP, Stonehill Capital Management LLC, RMBS Policyholders, Eaton Vance Management, Nuveen Asset Management, Restoration Capital Management LLC, Stone Lion Capital Partners LP, LVM Bondholders, The Bank of New York Mellon, Federal Home Loan Mortgage Company (Freddie Mac), Wells Fargo Bank/Trustee of RMBS Certificate Holders, HSBC Bank, USA, National Association, Deutsche Bank National Trust Company, Deutsche Bank Trust Company Americas, US Bank National Association, Bank Insureds, Bank of America NA, Depfa Bank, PLC, Assured Guaranty Corporation and Goldman Sachs & Co., Inc., Knowledgeworks Foundation and Treasurer of the State of Ohio, One State Street LLC, PNC Bank, NA, All Student Loan and Lloyds TSB Bank PLC, Customer Asset Protection Company, Wilmington Trust Company and Wilmington Trust FSB, GCM Opportunity Fund LP, Glenview Capital Partners LP, Glenview Institutional Partners LP, Glenview Capital Masters Fund Ltd., Glenview Capital Opportunity Fund LP, and Glenview Offshore Opportunity Master Fund Ltd.,

Interested Parties.

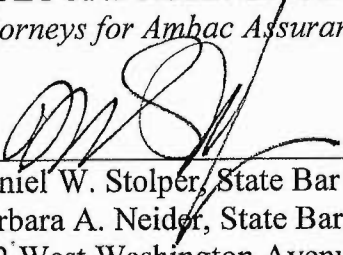
**JOINT RESPONSE OF AMBAC ASSURANCE CORPORATION
AND THE OFFICE OF THE COMMISSIONER OF INSURANCE
AND COMMISSIONER THEODORE K. NICKEL TO
FANNIE MAE'S MOTION TO EXTEND OR STAY BRIEFING**

Ambac Assurance Corporation ("Ambac") and the Office of the Commissioner of Insurance and Commissioner Theodore K. Nickel as Rehabilitator of the Segregated Account of Ambac Assurance Corporation (together "OCI") have no objection to the motion of Federal National Mortgage Association ("Fannie Mae") to extend or stay the briefing schedule under Wis. Stat. § 809.19 respecting Fannie Mae's purported appeal as of right, and take the position that under Wis. Stat. § 809.14 (3)(a) their Motions to Dismiss Fannie Mae's Notice of Appeal have the effect of staying briefing as to the merits of the appeal.

Further it is Ambac's and OCI's position that Fannie Mae's Petition for Leave to Appeal and its direct Notice of Appeal are defective for all of the reasons previously briefed in appeal number 2012AP1332-LV; specifically because Fannie Mae lacks standing, fails to meet the criteria for an interlocutory appeal, and because the Surplus Notes Order was not a final order allowing an appeal as of right.

Dated this 20th day of August, 2012.

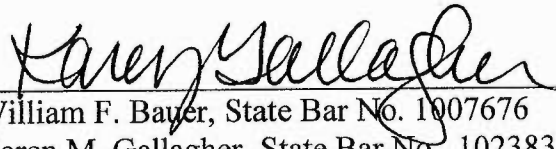
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Dated this 20th day of August, 2012.

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*Attorneys for The Office of the Commissioner of Insurance
and Commissioner Theodore K. Nickel, as the Court-
Appointed Rehabilitator of the Segregated Account of
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