UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095
	)	(Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby
	)	

ORDER APPROVING THE DEBTORS' DISCLOSURE STATEMENT AND GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors (collectively, the "Debtors") for the entry of an order (this "Solicitation Procedures Order") approving the Debtors' Disclosure Statement and related relief thereto; the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; it appearing that notice of the Motion and the opportunity for a hearing on the Motion were appropriate under the particular circumstances and that no other or further notice need be

[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

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given; it appearing to the Court that the relief requested is in the best interest of the Debtors' estates, their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefor, it is **ORDERED** that:

1. The Disclosure Statement complies with all aspects of section 1125 of the Bankruptcy Code and Local Rule 3016-1 and is hereby approved as containing "adequate information" as defined in section 1125(a) of the Bankruptcy Code.

2. Any objections to approval of the Disclosure Statement that were not withdrawn or resolved at or prior to the hearing to consider approval of the Disclosure Statement are overruled.

3. The Debtors have provided adequate notice of the time fixed for filing objections and the hearing to consider approval of the Disclosure Statement in accordance with Bankruptcy Rules 2002 and 3017.

4. The Disclosure Statement, the Plan, and the Ballots and Master Ballots provide Holders of Claims and Interests and other parties in interest with sufficient notice regarding the release, exculpation, and injunction provisions contained in the Plan in compliance with Bankruptcy Rule 3016(c).

5. The first day of the Disclosure Statement Hearing, January 13, 2009, shall be the Record Date for determining: (a) the Holders of Claims (including "holders of bonds, debentures, notes and other securities") that are entitled to receive the Solicitation Package pursuant to the Solicitation Procedures; (b) the Holders of Claims entitled to vote to accept the Plan; and (c) whether Claims have been properly transferred or assigned to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the Holder of such Claim.

6. The Solicitation Procedures annexed hereto as Exhibit I and incorporated by reference herein are hereby approved in their entirety. The Debtors retain the right to amend or supplement the Solicitation Procedures, subject to Court approval, to facilitate the solicitation process.

7. The procedures for distribution of the Solicitation Package set forth in the Motion and the Solicitation Procedures satisfy the requirements of the Bankruptcy Code and the Bankruptcy Rules, and the Debtors shall distribute or cause to be distributed Solicitation Packages to all parties entitled to vote to on the Plan by the Solicitation Deadline. The Solicitation Deadline shall be January 30, 2009.

8. The Confirmation Hearing shall commence on March 9, 2009 at 2:00 p.m. prevailing Central Time, which hearing may be continued from time to time without further notice other than such adjournment announced in open court or a notice of adjournment filed with the Court and served on the Master Service List, the 2002 List (each as defined in the Amended Case Management Order), and the parties who have filed objections to the Plan, without further notice to parties in interest.

9. Any objections to the Plan must be filed by the Plan Objection Deadline and must: (a) be in writing; (b) conform to the Bankruptcy Rules and the Local Rules; (c) state the name and address of the objecting party and the amount and nature of the Claim; (d) state with particularity the basis and nature of any objection to the Plan; (e) a proposed modification to the Plan that would resolve such objection (if applicable); and (f) be filed with the Court and served upon so as to be actually received by each of the notice parties identified in the Confirmation Hearing Notice by the Plan Objection Deadline. The Plan Objection Deadline shall be 5:00 p.m. prevailing Central Time on February 27, 2009.

10. The Debtors' letter to the Voting Classes, annexed hereto as Exhibit A, is hereby approved.

11. The Ballots and Master Ballots (including the Ballot instructions), annexed hereto as Exhibit B and Exhibit C, respectively, are hereby approved. All votes to accept or reject the Plan must be cast by using the appropriate Ballot or Master Ballot.

12. The Voting Deadline shall be 5:00 p.m. prevailing Pacific Time on February 27, 2009.

13. All Ballots and Master Ballots must be properly executed, completed, and delivered according to their applicable Ballot instructions by: (a) first class mail; (b) overnight courier; or (c) personal delivery, so that the Ballots and Master Ballots are actually received by the Voting and Solicitation Agent or the Securities Voting Agent, as applicable, no later than the Voting Deadline at the return address set forth in the applicable Ballot or Master Ballot (or, in the case of Securities, pursuant to the instructions set forth in the Ballot).

14. The form of the Confirmation Hearing Notice, annexed hereto as Exhibit D, complies with the requirements of Bankruptcy Rules 2002(b), 2002(d), and 3017(d) and is hereby approved.

15. The forms of the Non-Voting Status Notices, substantially in the forms annexed hereto as Exhibit E-1 and Exhibit E-2, are hereby approved.

16. Ballots and/or Master Ballots and copies of the Plan and Disclosure Statement need not be provided to (a) the Holders of Unclassified Claims and (b) Holders of Claims in Unimpaired Classes who are collectively deemed to accept the Plan. Such Holders of Claims will only receive "Non-Voting Status Notice – Deemed to Accept" forms, substantially in the form annexed hereto as Exhibit E-1, in lieu of the Solicitation Package.

17. Ballots and/or Master Ballots and copies of the Plan and Disclosure Statement need not be provided to the Holders of Claims in Impaired Classes who will not receive any distribution under the Plan and are, therefore, conclusively deemed to reject the Plan. Such Holders of Claims will only receive "Non-Voting Status Notice – Deemed to Reject" forms, substantially in the form annexed hereto as Exhibit E-2, in lieu of the Solicitation Package.

18. The form of the "Retained Causes of Action Notice," substantially in the form annexed hereto as Exhibit F, is hereby approved.

19. The form of the "Notice to Counterparties to Executory Contracts and Unexpired Leases," substantially in the form annexed hereto as Exhibit G, is hereby approved.

20. The form of the "Disputed Claim Notice," substantially in the form annexed hereto as Exhibit H, is hereby approved.

21. The Debtors shall be excused from mailing Solicitation Packages to those parties to whom the Debtors mailed a notice regarding the Disclosure Statement Hearing and received a notice from the United States Postal Service or other carrier that such notice was undeliverable unless such party provides the Debtors, through the Voting and Solicitation Agent, an accurate address not less than ten (10) business days prior to the Solicitation Deadline. If a party has changed its mailing address after the Petition Date, the burden is on such party, not the Debtors, to advise the Debtors and the Voting and Solicitation Agent of the new address.

22. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Solicitation Procedures Order in accordance with the Motion.

23. The terms and conditions of this Solicitation Procedures Order shall be immediately effective and enforceable upon its entry.

24. The Court shall retain jurisdiction, even after the closing of these chapter 11 cases, with respect to all matters arising from or related to the implementation of this Solicitation Procedures Order.

Dated: 1. 21. 09

United States Bankruptcy Judge

Exhibit 1

Solicitation Procedures

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095
	)	(Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby
	)	

SOLICITATION PROCEDURES

On December 2, 2008, the Debtors filed the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan") and their *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement") filed in support of the Plan.

On December 2, 2008, the Debtors filed the *Motion for Entry of an Order Approving Disclosure Statement and Related Relief* (the "Motion").[2] On January 21, 2009 the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court") entered the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order") approving the Solicitation Procedures set forth herein.

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1 The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

2 Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion or the Disclosure Statement, as applicable. A copy of the Motion, the Disclosure Statement, the Plan, and the Solicitation Package can be obtained (i) from the Voting and Solicitation Agent (a) at its website at http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com or (ii) for a fee via PACER at http://ecf.ilnb.uscourts.gov/.

A. The Record Date

The Bankruptcy Court has approved January 13, 2009 as the voting record date (the "Record Date") for purposes of determining: (a) the Holders of Claims entitled to receive a Solicitation Package (defined below) pursuant to the Solicitation Procedures; (b) the Holders of Claims entitled to vote to accept or reject the Plan (i.e., except as otherwise provided herein, only Holders of Claims as of the Record Date are entitled to Vote on the Plan); and (c) whether Claims have been properly transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the Holder of the Claim.

B. The Solicitation Deadline

The Debtors will distribute the Solicitation Package to Holders of Claims entitled to vote on the Plan no later than January 30, 2009, (the "Solicitation Deadline").

C. The Voting Deadline

The Bankruptcy Court has approved February 27, 2009 at 5:00 p.m. prevailing Pacific Time, as the voting deadline (the "Voting Deadline") for submitting Ballots and Master Ballots with respect to the Plan. The Debtors may extend the Voting Deadline without further order of the Bankruptcy Court, but will document any such extension in the Voting Report (each as defined below). To be counted as votes to accept or reject the Plan, all Ballots and Master Ballots must be properly executed, completed, and delivered by: (a) first class mail; (b) overnight courier; or (c) personal delivery, so that they are actually received no later than the Voting Deadline by the Voting and Solicitation Agent, Kurtzman Carson Consultants LLC ("KCC") or, with respect to Claims based on publicly-traded securities (the "Securities"), by the Securities Voting Agent, Financial Balloting Group LLC ("FBG").

The Ballots and Master Ballots will clearly indicate the appropriate return address (or, in the case of Securities, instructions for the proper return of Ballots). Ballots returnable to KCC should be sent to:

Kimball Hill, Inc.
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, California 90245

Master Ballots returnable to FBG should be sent to:

Kimball Hill, Inc.
c/o Financial Balloting Group LLC
757 Third Avenue - Third Floor
New York, New York 10017
Attn.: Ballot Processing Center

D. Solicitation Procedures

1. The Solicitation Package. The following documents and materials constitute the solicitation package (the "Solicitation Package"):

a. Paper copies of the following:

- the Solicitation Procedures Order, together with the Solicitation Procedures; and
- a cover letter describing the contents of the Solicitation Package; and
- a letter from the Debtors' significant constituents urging Holders in each Voting Class to accept the Plan; and
- the Confirmation Hearing Notice; and
- the appropriate Ballot(s) and/or Master Ballot(s), if any, and ballot instructions with respect thereto, together with a pre-addressed, postage pre-paid return envelope; and

b. a CD-ROM containing electronic copies (or upon request of a Holder, paper copies) of the following:

- the Disclosure Statement, as approved by the Court (with all appendices thereto, including the Plan), the exhibits to the Plan, and any other supplements or amendments to these documents that may be filed with the Court; and
- any supplemental solicitation documents the Debtors may file with the Court or that the Court orders to be made available.

2. Distribution of the Solicitation Package. The Solicitation Packages shall be served on the following entities:

a. Holders of Claims for which Proofs of Claims have been timely filed, as reflected on the Claims Register as of the Record Date; *provided* that Holders of Claims to which an objection is pending at least fifteen (15) days prior to the Confirmation Hearing shall not be entitled to vote unless such Holders become eligible to vote through a Resolution Event in accordance with Section E.6 below;

b. Holders of Claims listed in the Debtors' schedules of assets and liabilities (the "Schedules") except those Holders (a) whose Claims are scheduled as contingent, disputed, or unliquidated or any combination thereof and (b) have failed to timely file a Proof of Claim by the applicable Bar Date; *provided* that Holders of Claims that are listed on the Debtors Schedules

for which the applicable Bar Date has not passed will receive a Solicitation Package;[3]

c. Holders whose Claims arise pursuant to an agreement or settlement with the Debtors, as reflected in a document filed with the Bankruptcy Court, in an order of the Bankruptcy Court, or in a document executed by the Debtors pursuant to authority granted by the Bankruptcy Court, in each case regardless of whether a Proof of Claim has been filed; and

d. with respect to any Beneficial Holder,[4] to the applicable record holder or Nominee, as reflected in the relevant records as of the Record Date.

The Debtors shall make every reasonable effort to ensure that Holders of more than one Claim in a single Voting Class receive no more than one Solicitation Package.

3. Distribution of the Solicitation Package to the Master Service List and the 2002 List. The Debtors will cause to be served on the Master Service List and the 2002 List, as defined in the *Amended Order Establishing Certain Notice, Case Management, and Administrative Procedures* filed on May 13, 2008 [Docket No. 174] (the "Case Management Order"), as of the Record Date, either paper copies of, or a CD-ROM containing, the Disclosure Statement Order, the Disclosure Statement, and all exhibits to the Disclosure Statement, including the Plan. Any party who receives a CD-ROM but desires a paper copy of these documents and any party that desires a CD-ROM or a paper copy of the Solicitation Package (excluding Ballots) may request the copies from the Voting and Solicitation Agent.

4. Form of Notice to Unclassified Claims and Unimpaired Classes. Certain Holders of Claims that are not classified in accordance with section 1123(a)(1) of the Bankruptcy Code, that are not entitled to vote because they are Unimpaired or are otherwise deemed to accept the Plan under section 1126(f) of the Bankruptcy Code, will receive only the Confirmation Hearing Notice and the Non-Voting Status Notice–Deemed to Accept. The Non-Voting Status Notices, substantially in the forms attached as Exhibit E-1 and Exhibit E-2 to the Motion, will instruct these Holders how they may obtain copies of the documents contained in the Solicitation Package (excluding Ballots).

5. Retained Causes of Action and Counterparties to Executory Contracts and Unexpired Leases Notices. The parties to retained Causes of Action to be listed in the Plan

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[3] Pursuant to Bankruptcy Rule 3003(c)(2), with respect to all parties that are listed on the Schedules as having a Claim or a portion of a Claim that is contingent, disputed, or unliquidated, or any combination thereof, where such party did not timely File a Proof of Claim, the Debtors shall not distribute any documents or notices on account of such Claim if the applicable Bar Date to File such Proof of Claim has passed.

[4] A Beneficial Holder is the entity holding a beneficial interest of publicly-traded securities in Class C-3, as reflected in the records maintained by the indenture trustee, The Depository Trust Company ("DTC") or other relevant security depository, and/or a Nominee, as of the Record Date.

Supplement and the counterparties to the Debtors' executory contracts and unexpired leases listed on Exhibit B and Exhibit C to the Plan will receive only the Confirmation Hearing Notice and one or both of the following additional notices: (a) the Retained Causes of Action Notice; and/or (b) the Notice to Counterparties to Executory Contracts and Unexpired Leases, as applicable, each substantially in the form attached to the Motion as Exhibit F and Exhibit G, respectively. If any such party holds a claim against the Debtors as of the Record Date, such party may also receive a Solicitation Package pursuant to the procedures outlined in Paragraph C.2 above. The Retained Causes of Action Notice and the Notice to Counterparties to Executory Contracts and Unexpired Leases will instruct parties how they may obtain copies of the Solicitation Package.

6. Publication of Confirmation Hearing Notice. The Debtors shall, following the Disclosure Statement Hearing, publish the Confirmation Hearing Notice, which will contain, among other things, the Plan Objection Deadline, the Voting Deadline and the date that the Confirmation Hearing is first scheduled, in the national editions of the following publications to provide notification to those Entities that may not receive notice by mail: the *USA Today*, the *The Wall Street Journal*, and *The Chicago Tribune* on a date no less than fifteen (15) days prior to the Voting Deadline. The Confirmation Hearing Notice also shall be published on the Voting and Solicitation Agent's website at http://www.kccllc.net/kimballhill.

E. Voting and General Tabulation Procedures

1. Who May Vote. Only the following Holders of Claims in Voting Classes are entitled to vote:

a. Holders of Claims for which Proofs of Claims have been timely filed, as reflected in the Claims Register as of the Record Date; *provided* that Holders of Claims subject to a pending objection shall not be entitled to vote unless they become eligible to vote through a Resolution Event, as set forth in more detail in Section E.6 below.

b. Holders of Claims that are listed in the Debtors' Schedules, with the exception of those Claims that are scheduled as contingent, disputed, or unliquidated (excluding such scheduled Claims that have been superseded by a timely filed Proof of Claim); *provided* that Holders of Claims that are scheduled as contingent, disputed, or unliquidated for which the applicable Bar Date has not passed may vote;

c. Holders whose Claims arise pursuant to an agreement or settlement with the Debtors, as reflected in a document filed with the Bankruptcy Court, in an order of the Bankruptcy Court, or in a document executed by the Debtors pursuant to authority granted by the Bankruptcy Court, in each case regardless of whether a Proof of Claim has been filed; and

d. the applicable Nominee, as reflected in the relevant records as of the Record Date.

The assignee of any transferred or assigned Claim is permitted to vote such Claim, *provided* that the transfer or assignment has been fully effectuated pursuant to the procedures dictated by Bankruptcy Rule 3001(e) and, such transfer is reflected on the Claims Register on or before the Record Date.

Only a Beneficial Holder of the Debtors' Unsecured Senior Subordinated Note Claims (the "Notes") as reflected in the records maintained by the indenture trustee, DTC or other relevant security depository, and/or a Nominee as of the close of business on the Record Date is entitled to vote.

2. Establishing Claim Amounts. In tabulating votes, the following hierarchy will be used to determine the Claim amount associated with each vote:

a. the amount of the Claim settled or agreed upon by the Debtors prior to the Record Date, as reflected in a court pleading, stipulation, agreement, or other document filed with the Bankruptcy Court, in an order entered by the Bankruptcy Court, or in a document executed by the Debtors pursuant to authority granted by the Bankruptcy Court, regardless of whether a Proof of Claim has been filed;

b. the amount of the Claim Allowed (temporarily or otherwise) pursuant to the procedures set forth herein;

c. the amount of the Claim contained in a Proof of Claim that has been timely filed by the applicable Bar Date (or deemed timely filed by the Bankruptcy Court) except for any amounts in such Proof of Claim asserted on account of any interest accrued after the Petition Date; *provided* that Ballots cast by Holders whose Claims are not listed on the Debtors' Schedules, but who timely file a Proof of Claim in an unliquidated or unknown amount that are not the subject of an objection filed before the Voting Deadline, will count for satisfying the numerosity requirement of section 1126(c) of the Bankruptcy Code, and will count as Ballots for Claims in the amount of $1.00 solely for purposes of satisfying the dollar amount provisions of section 1126(c) of the Bankruptcy Code; *provided further* that to the extent the amount of the Claim contained in the Proof of Claim is different from the amount of the Claim set forth in a document filed with the Bankruptcy Court as referenced in subparagraph (a) above, the amount of the Claim in the document filed with the Bankruptcy Court shall supersede the amount of the Claim set forth on the respective Proof of Claim;

d. the Claim amount listed in the Debtors' Schedules; *provided* that such Claim is not scheduled as contingent, disputed, or unliquidated and has not been paid; *provided further* that if the Holder of a contingent, disputed, or unliquidated Claim is allowed to vote its Claim because the applicable Bar Date has not passed, then the amount of the Claim listed in the Schedules; and

e. in the absence of any of the foregoing, zero.

The amount of the Claim established herein shall control for voting purposes only and shall not constitute the Allowed amount of any Claim. Moreover, any amounts filled in on Ballots by the Debtors through the Voting and Solicitation Agent or the Securities Voting Agent, as applicable, are not binding for any purposes, including for purposes of voting and distribution.

3. General Tabulation Procedures. The following voting procedures and standard assumptions will be used in tabulating ballots:

a. except as otherwise provided herein, unless the Ballot or Master Ballot being furnished is timely submitted on or prior to the Voting Deadline, the Debtors will reject such Ballot or Master Ballot as invalid and, therefore, decline to count it in connection with confirmation of the Plan;

b. the Voting and Solicitation Agent or the Securities Voting Agent, as applicable, will date and time-stamp all Ballots and Master Ballots when received. The Voting and Solicitation Agent or the Securities Voting Agent, as applicable, shall retain the original Ballots and Master Ballots and an electronic copy of the same for a period of one year after the Voting Deadline, unless otherwise ordered by the Bankruptcy Court;

c. an original executed Ballot or Master Ballot is required to be submitted by the party submitting such Ballot or Master Ballot. Delivery of a Ballot or Master Ballot to the Voting and Solicitation Agent or the Securities Voting Agent, as applicable, by facsimile, email, or any other electronic means shall not be valid;

d. pursuant to Local Rule 3018-1 the Debtors shall tabulate all Ballots and Master Ballots and file a voting report (the "Voting Report"), substantially in the same form as the one provided under Local Rule 3018-1, no later than five (5) calendar days prior to the Confirmation Hearing;

e. the Debtors shall provide notice of the Voting Report to the U.S. Trustee, the Master Service List, the 2002 List, and all parties who have timely filed an objection to the Plan by the Plan Objection Deadline. The Debtors shall also deliver a copy of the Voting Report to the Honorable Susan Pierson Sonderby at the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604.

f. the Voting Report shall, among other things, (i) describe each Class and whether or not it is impaired; (ii) provide the number of votes received, the number of votes to accept the Plan and their aggregate dollar amount, and the number of votes to reject the Plan and their aggregate dollar amount; (iii) indicate whether the Plan has received sufficient votes to be confirmed; (iv) delineate every irregular Ballot and Master Ballot, including, without limitation, those Ballots and Master Ballots that are late

or (in whole or in material part) illegible, unidentifiable, lack signatures or lack necessary information, received via facsimile or electronic mail, or damaged. The Voting Report shall indicate the Debtors' intentions with regard to such irregular Ballots and Master Ballots;

g. the method of delivery of Ballots or Master Ballots to the Voting and Solicitation Agent or the Securities Voting Agent, as applicable, is at the election and risk of each Holder of a Claim. Except as otherwise provided herein, such delivery will be deemed made only when the Voting and Solicitation Agent or the Securities Voting Agent, as applicable, actually receives the originally executed Ballot or Master Ballot;

h. no Ballot or Master Ballot should be sent to any of the Debtors, the Debtors' agents (other than the Voting and Solicitation Agent or the Securities Voting Agent, as applicable), any indenture trustee (unless specifically instructed to do so by the Ballot Instructions), or the Debtors' financial or legal advisors, and if so sent will not be counted;

i. if multiple Ballots or Master Ballots are received from the same Holder of a Claim with respect to the same Claim prior to the Voting Deadline, the latest dated, validly executed Ballot or Master Ballot timely received will supersede and revoke any prior Ballot or Master Ballot;

j. Holders must vote all of their Claims within a particular Class either to accept or reject the Plan and may not split their votes. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted. Further, if a Holder has multiple Claims within the same Class, the Debtors may, in their discretion, aggregate the Claims of any particular Holder within a Class for the purpose of counting votes;

k. a person signing a Ballot or a Master Ballot in its capacity as a trustee, executor, administrator, guardian, attorney in fact, officer of a corporation, or otherwise acting in a fiduciary or representative capacity must indicate such capacity when signing and, if required or requested by the applicable Nominee or its agent, the Voting and Solicitation Agent, the Securities Voting Agent, the Debtors, or the Bankruptcy Court, must submit proper evidence to the requesting party to so act on behalf of such Holder or Beneficial Holder;

l. the Debtors, subject to contrary order of the Bankruptcy Court, may waive any defects or irregularities as to any particular Ballot or Master Ballot at any time, either before or after the close of voting, and any such waivers shall be documented in the Voting Report;

m. neither the Debtors, nor any other party, will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots

and Master Ballots other than as provided in the Voting Report, nor will any of them incur any liability for failure to provide such notification;

n. unless waived by the Debtors, subject to contrary order of the Bankruptcy Court, any defects or irregularities in connection with deliveries of Ballots and Master Ballots must be cured prior to the Voting Deadline or such Ballots and Master Ballots will not be counted;

o. in the event a designation for lack of good faith is requested by a party in interest under section 1126(e) of the Bankruptcy Code, the Bankruptcy Court will determine whether any vote to accept and/or reject the Plan cast with respect to that Claim will be counted for purposes of determining whether the Plan has been accepted and/or rejected by such Claim;

p. subject to any contrary order of the Bankruptcy Court, the Debtors reserve the right to reject any and all Ballots and Master Ballots not in proper form, the acceptance of which, in the opinion of the Debtors, would not be in accordance with the provisions of the Bankruptcy Code or the Bankruptcy Rules; *provided* that any such rejections shall be documented in the Voting Report;

q. if a Claim has been estimated or otherwise Allowed for voting purposes by an order of the Bankruptcy Court pursuant to Bankruptcy Rule 3018(a), such Claim shall be temporarily Allowed in the amount so estimated or Allowed by the Bankruptcy Court for voting purposes only and not for purposes of allowance or distribution;

r. if an objection to a Claim is filed, such Claim shall be treated in accordance with the procedures set forth herein; and

s. the following Ballots and Master Ballots shall not be counted in determining the acceptance or rejection of the Plan: (i) any Ballot or Master Ballot that is illegible or contains insufficient information to permit the identification of the Holder of the Claim; (ii) any Ballot or Master Ballot cast by a party that does not hold a Claim in a Class that is entitled to vote on the Plan; (iii) any Ballot or Master Ballot cast for a Claim scheduled as contingent, disputed, or unliquidated or for which the applicable Bar Date has passed and no Proof of Claim was timely filed; (iv) any unsigned Ballot or Master Ballot; (v) any Ballot or Master Ballot not marked to accept or reject the Plan or any Ballot marked both to accept and reject the Plan; (vi) any Ballot or Master Ballot sent by facsimile or other electronic means; and (vii) any Ballot or Master Ballot submitted by any party not entitled to vote pursuant to the procedures described herein.

4. Voting Procedures for Beneficial Holders. The following additional procedures, as well as the aforementioned procedures, shall apply to Beneficial Holders:

a. the Securities Voting Agent shall serve or will cause to be served the appropriate number of copies of Solicitation Packages to each record holder holding a Note claim as of the Record Date, including Nominees identified by the Securities Voting Agent as entities through which Beneficial Holders hold their Claims relating to the Notes;

b. any Beneficial Holder holding a Note as a record holder in its own name should vote on the Plan by completing and signing a Ballot and returning it directly to the Securities Voting Agent on or before the Voting Deadline;

c. any Nominee that is a holder of record with respect to a Note must facilitate the vote on behalf of the Beneficial Holder of such Note by (i) immediately distributing the Solicitation Package, including any applicable Ballot(s) it receives from the Securities Voting Agent, to such Beneficial Holder, (ii) promptly collecting any completed Ballot(s) from such Beneficial Holder, (iii) compiling and validating the votes and other relevant information of all such Beneficial Holders on the applicable Master Ballot and (iv) transmitting such Master Ballot to the Securities Voting Agent by the Voting Deadline;

d. any Beneficial Holder holding a Note in "street name" through a Nominee must vote on the Plan through such Nominee by completing and signing the Ballot and returning such Ballot to the appropriate Nominee as promptly as possible and in sufficient time to allow such Nominee to process the Ballot and return the Master Ballot to the Securities Voting Agent prior to the Voting Deadline. A Ballot submitted directly by a Beneficial Holder holding a Note in "street name" will not be counted;

e. any Ballot returned to a Nominee by a Beneficial Holder will not be counted for purposes of accepting or rejecting the Plan until such Nominee properly completes and delivers to the Securities Voting Agent a Master Ballot that reflects the vote of such Beneficial Holder by the Voting Deadline or otherwise validates the Ballot in a manner acceptable to the Securities Voting Agent;

f. Nominees must retain all Ballots returned by Beneficial Holders for a period of one year after the Voting Deadline; *provided* that the Ballot of any Beneficial Holder making the Opt-out Election shall be retained by such Nominee indefinitely;

g. if a Beneficial Holder holds a Note through more than one Nominee or through multiple accounts, such Beneficial Holder may receive more than

one Ballot and each such Beneficial Holder should execute a separate Ballot for each block of Notes that it holds through any Nominee and must return each such Ballot to the appropriate Nominee;

h. if a Beneficial Holder holds a portion of its Notes through a Nominee or Nominees and another portion in its own name as the record holder, such Beneficial Holder should follow the procedures described in subparagraph (b) above, to vote the portion held in its own name and the procedures described in the rest of this subparagraph (d) above, to vote the portion held by the Nominee(s); and

i. a trustee (unless otherwise empowered to do so) is not entitled to vote on behalf of the holder of a Beneficial Holder Claim; rather, each such holder of a Beneficial Holder Claim must submit its own Ballot.

5. Master Ballot Tabulation Procedures. These rules will apply with respect to the tabulation of Master Ballots and Ballots cast by Nominees and Beneficial Holders, respectively:

a. votes cast by Beneficial Holders through Nominees will be applied to the applicable positions held by such Nominees in Class C-3, as of the Record Date, as evidenced by the record and depository listings. Votes submitted by a Nominee, whether pursuant to a Master Ballot or prevalidated Ballot, will not be counted in excess of the amount of such Securities held by such Nominee as of the Record Date;

b. if conflicting votes or "over-votes" are submitted by a Nominee, whether pursuant to a Master Ballot or prevalidated Ballot, the Debtors will use reasonable efforts to reconcile discrepancies with the Nominees;

c. if over-votes on a Master Ballot or prevalidated Ballot are not reconciled prior to the preparation of the vote certification, the Debtors shall apply the votes to accept and to reject the Plan in the same proportion as the votes to accept and to reject the Plan submitted on the Master Ballot or prevalidated Ballot that contained the over-vote, but only to the extent of the Nominee's position in Class C-3;

d. for purposes of tabulating votes, each Nominee or Beneficial Holder will be deemed to have voted the principal amount of its Claims in Class C-3, although any principal amounts may be adjusted by the Securities Voting Agent to reflect the amount of the Claim actually voted, including prepetition interest; and

e. a single Nominee may complete and deliver to the Securities Voting Agent multiple Master Ballots. Votes reflected on multiple Master Ballots will be counted, except to the extent that they are duplicative of other Master Ballots. If two or more Master Ballots are inconsistent, the latest dated, validly executed Master Ballot received prior

to the Voting Deadline will, to the extent of such inconsistency, supersede, and revoke any prior Master Ballot.

6. Temporary Allowance of Claims for Voting Purposes. If a Holder's Claim is subject to a pending objection as of the Record Date, the Holder of such Claim cannot vote unless one or more of the following events have taken place at least five (5) business days before the Voting Deadline: (a) an order of the Bankruptcy Court is entered allowing such Claim pursuant to section 502(b) of the Bankruptcy Code, after notice and a hearing; (b) an order of the Bankruptcy Court is entered temporarily allowing such Claim for voting purposes only pursuant to Bankruptcy Rule 3018(a), after notice and a hearing; (c) a stipulation or other agreement is executed between the Holder of such Claim and the Debtors resolving the objection and allowing such Claim in an agreed upon amount; (d) a stipulation or other agreement is executed between the Holder of such Claim and the Debtors temporarily allowing the Holder of such Claim to vote its Claim in an agreed upon amount; or (e) the pending objection to such Claim is voluntarily withdrawn by the Debtors (each, a "Resolution Event"). No later than two (2) business days after a Resolution Event, the Voting and Solicitation Agent or Securities Voting Agent, as appropriate, shall distribute a Solicitation Package and a pre-addressed, postage pre-paid envelope to the relevant Holder of such temporarily allowed Claim that has been allowed for voting purposes only (or for other purposes as set forth in an applicable order of the Bankruptcy Court) by such Resolution Event, which must be returned according to the instructions on the Ballot by no later than the Voting Deadline.

If the Holder of a Claim receives a Solicitation Package and the Debtors object to such Claim after the Record Date but at least fifteen (15) days prior to the Confirmation Hearing, the Debtors' notice of objection will inform such Holder of the rules applicable to Claims subject to a pending objection and the procedures for temporary allowance for voting purposes. Furthermore, if the Holder of a Claim receives a Solicitation Package and the Debtors object to such Claim less than fifteen (15) days prior to the Confirmation Hearing, the Holder's Claim shall be deemed temporarily allowed for voting purposes only without further action by the Holder of such Claim and without further order of the Bankruptcy Court.

F. Release, Exculpation, and Injunction Provisions in the Plan

The release, exculpation, and injunction provisions in Article VIII of the Plan will be included in the Disclosure Statement, and further notice is provided with respect to such provisions in the Confirmation Hearing Notice.

G. Amendments to the Plan and the Solicitation Procedures

The Debtors expressly reserve the right to amend from time to time the terms of the Plan in accordance with the terms thereof (subject to compliance with the requirements of section 1127 of the Bankruptcy Code and the terms of the plan regarding modification).

The Debtors expressly reserve the right to amend or supplement the Solicitation Procedures to better facilitate the solicitation process.

Exhibit A

Cover Letter

KIMBALL HILL HOMES

On December 2, 2008, the Debtors filed the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan") and their *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement") filed in support of the Plan.

On December 2, 2008, the Debtors filed the *Motion of the Debtors for an Order Approving Disclosure Statement and Related Relief* (the "Motion").[1] On January 21, 2009 the Bankruptcy Court entered the *Order Approving the Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order"), which, among other things, approved the Disclosure Statement as containing adequate information and establishing certain procedures with respect to the solicitation of votes to accept or reject the Plan (the "Solicitation Procedures").

You have received this letter and the enclosed materials because you are entitled to vote on the Plan.

Please take notice that Article VIII of the Plan contains certain release, exculpation, and injunction provisions which may affect your rights.[2]

The enclosed materials constitute the Debtors' "Solicitation Package" for soliciting votes with respect to the Plan and consist of:

(a) Paper copies of the following:

(i) this cover letter describing the contents of the Solicitation Package; and

(ii) the Solicitation Procedures Order, together with the Solicitation Procedures; and

(iii) a letter from the Debtors' significant constituents urging you to accept the Plan; and

(iv) the Confirmation Hearing Notice; and

(v) the appropriate Ballot(s) and/or Master Ballot(s), if any, and ballot instructions with respect thereto, together with a pre-addressed, postage pre-paid return envelope.

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[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion and Disclosure Statement, as applicable.

[2] For additional information regarding the release, exculpation, and injunction provisions, please refer to pages 10-12 of the Disclosure Statement.

(b) a CD-ROM containing electronic copies of the following:[3]

(i) the Disclosure Statement, as approved by the Court (with all appendices thereto, including the Plan), the exhibits to the Plan, and any other supplements or amendments to these documents that may be filed with the Court; and

(ii) any supplemental solicitation documents the Debtors may file with the Court or that the Court orders to be made available.

The Board of Directors of Kimball Hill, Inc., the ultimate parent company of each of following debtors in these chapter 11 cases, has approved the filing and solicitation of the Plan:

18th and Peoria, LLC	Kimball Hill Homes Illinois, LLC	Kimball Hill Homes Wisconsin, Inc.
KH Financial Holding Company	Kimball Hill Homes Nevada, Inc.	Kimball Hill Stateway, Inc.
KH Ingham Park South, LLC	Kimball Hill Homes Ohio, Inc.	Kimball Hill Texas Investment Company, L.L.C.
KHH Texas Trading Company L.P.	Kimball Hill Homes Oregon, Inc.	Kimball Hill Urban Centers Chicago One, L.L.C.
Kimball Hill Far East Detroit, LLC	Kimball Hill Homes Realty Florida, Inc.	Kimball Hill Urban Centers Chicago Two, L.L.C.
Kimball Hill Homes Austin, L.P.	Kimball Hill Homes San Antonio, L.P.	Kimball Hill Urban Centers Special Purposes, LLC
Kimball Hill Homes California, Inc.	Kimball Hill Homes Texas Investments, L.L.C.	Kimball Hill Urban Centers, L.L.C.
Kimball Hill Homes Dallas, L.P.	Kimball Hill Homes Texas Operations, L.L.C.	National Credit and Guaranty Corporation
Kimball Hill Homes Florida, Inc.	Kimball Hill Homes Texas, Inc.	The Hamilton Place Partnership
Kimball Hill Homes Houston, L.P.	Kimball Hill Homes Washington, Inc.	

The Debtors believe that the acceptance of the Plan is in the best interests of the Holders of Claims against each of the Debtors. Moreover, the Debtors believe that any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses, thereby resulting in smaller distributions or no distributions on account of Claims. The Debtors therefore recommend that all parties entitled to vote submit a timely ballot voting to accept the plan.

The materials in the Solicitation Package are intended to be self-explanatory. If you have any questions, however, please feel free to contact the Debtors' Voting and Solicitation Agent, Kurtzman Carson Consultants LLC, by (a) writing to Kimball Hill Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (b) calling (877) 631-3923, (c) emailing kimballhillinfo@kccllc.com, or (d) visiting the Voting and Solicitation Agent's website at http://www.kccllc.net/kimballhill. If you are a Beneficial Holder of Claims on account of publicly-traded securities, you may also contact the Debtors' Securities Voting Agent, Financial Balloting Group LLC, by (a) writing Kimball Hill, Inc., c/o Financial Balloting Group LLC, 757 Third Avenue, 3rd Floor, New York, New York 10017, Attn: Ballot Processing Center or (b) calling (646) 282-1800.

[3] Paper copies may be obtained upon request to the Debtors' Voting and Solicitation Agent at the contact information set forth above.

Exhibit B

Ballots

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095
	)	(Jointly Administered)
Debtors.	)	Hon. Susan Pierson Sonderby

BALLOT FOR ACCEPTING OR REJECTING THE JOINT PLAN OF KIMBALL HILL, INC. AND ITS DEBTOR SUBSIDIARIES PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

Class A-1 — Senior Credit Agreement Claims

PLEASE READ AND FOLLOW THE ENCLOSED BALLOT INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE BALLOT.

THIS BALLOT IS ACCOMPANIED BY A PRE-ADDRESSED POSTAGE PRE-PAID RETURN ENVELOPE THAT IS ADDRESSED TO THE DEBTORS' VOTING AND SOLICITATION AGENT, KURTZMAN CARSON CONSULTANTS, LLC. THIS BALLOT MUST BE RECEIVED BY THE VOTING AND SOLICITATION AGENT BY 5:00 P.M. (PREVAILING PACIFIC TIME) ON OR BEFORE FEBRUARY 27, 2009 (THE "VOTING DEADLINE"). IF YOUR BALLOT IS NOT RECEIVED BY THE VOTING DEADLINE, THE DEBTORS SHALL REJECT SUCH BALLOT AS INVALID. IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT IT WILL BE BINDING ON YOU WHETHER OR NOT YOU VOTE.

[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

The Debtors have sent this Ballot to you because our records indicate that you are a Holder of a Class A-1 Claim, and, accordingly, you have the right to vote to accept or reject the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"). This Ballot may not be used for any purpose other than for casting votes to accept or reject the Plan and making certain certifications with respect thereto. If you believe you have received this Ballot in error, please contact the Voting and Solicitation Agent at the contact information below.

All capitalized terms used in the Ballot or in these instructions but not otherwise defined herein shall have the meanings ascribed to them in the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order") and the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement").

Your rights are described in the Disclosure Statement. The Bankruptcy Court has approved the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code. Bankruptcy Court approval of the Disclosure Statement does not indicate approval of the Plan. The Disclosure Statement, Plan, Solicitation Procedures Order, and certain other relevant materials are included with this Ballot for your review (collectively, the "Solicitation Package"). The Solicitation Package (except Ballots) can also be obtained from the Debtors' Voting and Solicitation Agent (a) at its website http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com. If you desire paper copies of any of the solicitation documents contained in the Solicitation Package please contact the Voting and Solicitation Agent.

You should carefully review the Plan and the Disclosure Statement before you vote. You may wish to seek legal advice concerning the Plan and classification and treatment of your Claim under the Plan. Your Claim has been placed in Class A-1 under the Plan. If you hold Claims in more than one Class, you will receive a Ballot for each Class in which you are entitled to vote. You should return all Ballots for each Class in which you are entitled to vote. All parties receiving Ballots with respect to Class A-1 Claims should return completed Ballots in accordance with the instructions (the "Ballot Instructions") set forth herein.

THIS BALLOT IS DIVIDED INTO TWO (2) PARTS:

PART I. WHO SHOULD USE THIS BALLOT

PART II. ITEMS ON THE BALLOT

- **Item 1. Principal Amount of Class A-1 Claims**
- **Item 2. Class A-1 Vote**
- **Item 3. Release Election (Optional)**
- **Item 4. Certifications**

PART I. WHO SHOULD USE THIS BALLOT

This Ballot is to be used by the Holders of Class A-1 Senior Credit Agreement Claims. This Ballot may not be used for any purpose other than casting votes to accept or reject the Plan. This Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or an assertion or admission of a Claim.

Please read and follow the instructions on the ballot carefully. This ballot is accompanied by a pre-addressed, postage-pre-paid return envelope. Your vote must be received by the Voting and Solicitation Agent by 5:00 p.m., prevailing Pacific Time, on or before the Voting Deadline, February 27, 2009.

PART II. ITEMS ON THE BALLOT

Item 1. Principal Amount of Class A-1 Claims

The undersigned hereby certifies that as of the Record Date, January 13, 2009 the undersigned was the Holder (or authorized signatory for a Holder) of Class A-1 Claims in the following aggregate unpaid principal amount (insert amount in box below).

$_____

Item 2. Class A-1 Claims Vote

The Holder of the Class A-1 Claims set forth in Item 1 above, votes to: (please check only one box)*	
ACCEPT THE PLAN	**REJECT THE PLAN**
☐	☐

**** Any Ballot which is executed by the Holder of a Claim but which indicates both an acceptance and a rejection of the Plan or does not indicate either an acceptance or rejection of the Plan will not be counted.***

Item 3. Release Election (Optional)

Check the box below if you elect not to grant the releases set forth in Article VIII of the Plan. Election to withhold consent is at your option. If you submit your Ballot without this box checked, you will be deemed to consent to the releases set forth in Article VIII of the Plan to the fullest extent permitted by applicable law.

☐ The undersigned elects not to grant the releases set forth in Article VIII of the Plan.

Item 4. Certifications

By signing this Ballot, the undersigned certifies that:

(a) as of the Record Date, either: (i) the undersigned is the Holder of the Class A-1 Claims being voted in the aggregate amount indicated in Item 1 or (ii) the undersigned is an authorized signatory for a Holder of Class A-1 Claims being voted in the aggregate amount indicated in Item 1;

(b) the undersigned (or in the case of an authorized signatory, the Holder) has received a copy of the Disclosure Statement and the Solicitation Package and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein;

(c) the undersigned has cast the same vote with respect to all Class A-1 Claims; and

(d) no other Ballots with respect to the Class A-1 Claims identified in Item 1 have been cast or, if any other Ballots have been cast with respect to such Claims, then any such earlier Ballots are hereby revoked.

Name of Holder: _____
(Please print or type)

Signature: _____

Name of Signatory: _____
(If other than Holder)

Title: _____

Address: _____

_____

_____

Date Completed: _____

☐ Please check here if the above address is a change of address that you would like reflected in the master mailing list for these chapter 11 cases.

PLEASE COMPLETE, SIGN, AND DATE THE BALLOT AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED.

THIS BALLOT MUST BE RECEIVED BY THE VOTING DEADLINE, WHICH IS 5:00 P.M. (PREVAILING PACIFIC TIME) ON FEBRUARY 27, 2009, BY:

Kimball Hill, Inc.
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, California 90245

BALLOT INSTRUCTIONS

1. The Debtors are soliciting the votes of Holders of Claims and Interests with respect to the Plan referred to in the Disclosure Statement (copies of which are being transmitted to you along with the Ballot). All capitalized terms used in the Ballot or Ballot Instructions but not otherwise defined herein have the meanings ascribed to them in the Plan, the Disclosure Statement, or the Solicitation Procedures Order, copies of which accompany this Ballot.

2. The Bankruptcy Court may confirm the Plan and thereby bind you, if it is accepted by the Holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each Impaired Class voting on the Plan. Please review the Disclosure Statement for more information.

3. To ensure that your vote is counted, you must complete and return this Ballot as follows: (a) indicate your decision either to accept or reject the Plan in the boxes provided in Item 2 of the Ballot; (b) review the certifications in Item 4; and (c) sign and return the Ballot to the address set forth in the pre-addressed postage pre-paid return envelope so that it is actually received by Voting and Solicitation Agent by the Voting Deadline, February 27, 2009 by 5:00 p.m. (prevailing Pacific Time).

4. If a Ballot is received after the Voting Deadline, it will not be counted. The method of delivery of Ballots to the Voting and Solicitation Agent is at the election and risk of each Holder of a Claim. Except as otherwise provided herein, such delivery will be deemed made only when the Voting and Solicitation Agent actually receives the originally executed Ballot. In all cases, Holders should allow sufficient time to assure timely delivery. DELIVERY OF A BALLOT BY FACSIMILE, E-MAIL, OR ANY OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES. No Ballot should be sent to the Debtors, the Debtors' financial or legal advisors, or the Bankruptcy Court.

5. You must vote all of your Claims within a particular Class either to accept or reject the Plan and you may not split your vote. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted.

6. If multiple Ballots are received from an individual Holder of a Claim with respect to the same Claim prior to the Voting Deadline, the last Ballot timely received will supersede and revoke any earlier received Ballots. However, if a Holder of a Claim casts multiple Ballots which are received by the Voting and Solicitation Agent on the same day, but which are voted inconsistently, such Ballots will not be counted.

7. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and to make certain certifications with respect thereto.

8. This Ballot does not constitute and shall not be deemed to be: (a) a Proof of Claim or Interest or (b) an assertion or admission of a Claim or Interest.

9. The following Ballots will not be counted in determining the acceptance or rejection of the Plan: (a) any Ballot that is illegible or contains insufficient information to permit the identification of the Holder of the Claim; (b) any Ballot cast by a party that does not hold a Claim in a Class that is entitled to vote on the Plan; (c) any Ballot cast for a Claim scheduled as contingent, unliquidated, or disputed for which the applicable Bar Date has passed and no Proof of Claim was timely filed; (d) any unsigned Ballot; (e) any Ballot not marked to accept or reject the Plan or any Ballot marked both to accept and reject the Plan; (f) any Ballot sent by facsimile or other electronic means; and (g) any Ballot submitted by any party not entitled to vote pursuant to the voting procedures described herein.

10. Please be sure to sign and date your Ballot. If you are completing the Ballot on behalf of the Holder of a Claim, indicate your relationship with that entity and the capacity in which you are signing. In addition, please provide your name and mailing address.

11. Unless otherwise directed by the Bankruptcy Court, delivery of a defective or irregular Ballot will not be deemed to have been made until such defect or irregularity has been cured or waived by the Debtors. Any waiver by the Debtors of defects or irregularities in any Ballot will be detailed in the Voting Report filed with the Bankruptcy Court by the Voting and Solicitation Agent. Neither the Debtors, nor any other person or entity,

will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots, nor will any of them incur any liability for failure to provide such notification.

12. After the Voting Deadline, no Ballot may be withdrawn or modified without the prior written consent of the Debtors.

13. If you believe you have received the wrong Ballot, please contact the Voting and Solicitation Agent immediately.

PLEASE MAIL YOUR BALLOT PROMPTLY!

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES PLEASE CALL THE VOTING AND SOLICITATION AGENT AT (877) 631-3923.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY OTHER PERSON THE AGENT OF THE DEBTORS OR THE VOTING AND SOLICITATION AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DEBTORS' SOLICITATION PACKAGE MATERIALS, INCLUDING THE DISCLOSURE STATEMENT AND PLAN.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095 (Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby

BALLOT FOR ACCEPTING OR REJECTING
THE JOINT PLAN OF KIMBALL HILL, INC. AND ITS DEBTOR SUBSIDIARIES
PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

Class C-1 — Senior Unsecured Claims

PLEASE READ AND FOLLOW THE ENCLOSED BALLOT INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE BALLOT.

THIS BALLOT IS ACCOMPANIED BY A PRE-ADDRESSED POSTAGE PRE-PAID RETURN ENVELOPE THAT IS ADDRESSED TO THE DEBTORS' VOTING AND SOLICITATION AGENT, KURTZMAN CARSON CONSULTANTS, LLC. THIS BALLOT MUST BE RECEIVED BY THE VOTING AND SOLICITATION AGENT BY 5:00 P.M. (PREVAILING PACIFIC TIME) ON OR BEFORE FEBRUARY 27, 2009 (THE "VOTING DEADLINE"). IF YOUR BALLOT IS NOT RECEIVED BY THE VOTING DEADLINE, THE DEBTORS SHALL REJECT SUCH BALLOT AS INVALID. IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT IT WILL BE BINDING ON YOU WHETHER OR NOT YOU VOTE.

[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

The Debtors have sent this Ballot to you because our records indicate that you are a Holder of a Class C-1 Claim, and, accordingly, you have the right to vote to accept or reject the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"). This Ballot may not be used for any purpose other than for casting votes to accept or reject the Plan and making certain certifications with respect thereto. If you believe you have received this Ballot in error, please contact the Voting and Solicitation Agent at the contact information below.

All capitalized terms used in the Ballot or in these instructions but not otherwise defined herein shall have the meanings ascribed to them in the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order") and the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement").

Your rights are described in the Disclosure Statement. The Bankruptcy Court has approved the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code. Bankruptcy Court approval of the Disclosure Statement does not indicate approval of the Plan. The Disclosure Statement, Plan, Solicitation Procedures Order, and certain other relevant materials are included with this Ballot for your review (collectively, the "Solicitation Package"). The Solicitation Package (except Ballots) can also be obtained from the Debtors' Voting and Solicitation Agent (a) at its website http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com. If you desire paper copies of any of the solicitation documents contained in the Solicitation Package please contact the Voting and Solicitation Agent.

You should carefully review the Plan and the Disclosure Statement before you vote. You may wish to seek legal advice concerning the Plan and classification and treatment of your Claim under the Plan. Your Claim has been placed in Class C-1 under the Plan. If you hold Claims in more than one Class, you will receive a Ballot for each Class in which you are entitled to vote. You should return all Ballots for each Class in which you are entitled to vote. All parties receiving Ballots with respect to Class C-1 Claims should return completed Ballots in accordance with the instructions (the "Ballot Instructions") set forth herein.

THIS BALLOT IS DIVIDED INTO TWO (2) PARTS:

PART I. WHO SHOULD USE THIS BALLOT

PART II. ITEMS ON THE BALLOT

- **Item 1. Principal Amount of Class C-1 Claims**
- **Item 2. Class C-1 Vote**
- **Item 3. Release Election (Optional)**
- **Item 4. Certifications**

PART I. WHO SHOULD USE THIS BALLOT

This Ballot is to be used by the Holders of Class C-1 Senior Unsecured Claims. This Ballot may not be used for any purpose other than casting votes to accept or reject the Plan. This Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or an assertion or admission of a Claim.

Please read and follow the instructions on the ballot carefully. This ballot is accompanied by a pre-addressed, postage-pre-paid return envelope. Your vote must be received by the Voting and Solicitation Agent by 5:00 p.m., prevailing Pacific Time, on or before the Voting Deadline, February 27, 2009.

PART II. ITEMS ON THE BALLOT

Item 1. Principal Amount of Class C-1 Claims

The undersigned hereby certifies that as of the Record Date, January 13, 2009 the undersigned was the Holder (or authorized signatory for a Holder) of Class C-1 Claims in the following aggregate unpaid principal amount (insert amount in box below).

$_____

Item 2. Class C-1 Claims Vote

The Holder of the Class C-1 Claims set forth in Item 1 above, votes to: (please check only one box)*	
ACCEPT THE PLAN ☐	**REJECT THE PLAN** ☐

** Any Ballot which is executed by the Holder of a Claim but which indicates both an acceptance and a rejection of the Plan or does not indicate either an acceptance or rejection of the Plan will not be counted.*

Item 3. Release Election (Optional)

Check the box below if you elect not to grant the releases set forth in Article VIII of the Plan. Election to withhold consent is at your option. If you submit your Ballot without this box checked, you will be deemed to consent to the releases set forth in Article VIII of the Plan to the fullest extent permitted by applicable law.

☐ The undersigned elects not to grant the releases set forth in Article VIII of the Plan.

Item 4. Certifications

By signing this Ballot, the undersigned certifies that:

(a) as of the Record Date, either: (i) the undersigned is the Holder of the Class C-1 Claims being voted in the aggregate amount indicated in Item 1 or (ii) the undersigned is an authorized signatory for a Holder of the Class C-1 Claims being voted in the aggregate amount indicated in Item 1; and

(b) the undersigned (or in the case of an authorized signatory, the beneficial party) has received a copy of the Disclosure Statement and the Solicitation Package and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein; and

(c) the undersigned has cast the same vote with respect to all Class C-1 Claims; and

(d) no other Ballots with respect to the Class C-1 Claims identified in Item 1 have been cast or, if any other Ballots have been cast with respect to such Claims, then any such earlier Ballots are hereby revoked.

Name of Holder: _____
(Please print or type)

Signature: _____

Name of Signatory: _____
(If other than Holder)

Title: _____

Address: _____

_____

_____

Date Completed: _____

☐ Please check here if the above address is a change of address that you would like reflected in the master mailing list for these chapter 11 cases.

PLEASE COMPLETE, SIGN, AND DATE THE BALLOT AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED.

THIS BALLOT MUST BE RECEIVED BY THE VOTING DEADLINE, WHICH IS 5:00 P.M. (PREVAILING PACIFIC TIME) ON FEBRUARY 27, 2009, BY:

Kimball Hill, Inc.
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, California 90245

BALLOT INSTRUCTIONS

1. The Debtors are soliciting the votes of Holders of Claims and Interests with respect to the Plan referred to in the Disclosure Statement (copies of which are being transmitted to you along with the Ballot). All capitalized terms used in the Ballot or Ballot Instructions but not otherwise defined herein have the meanings ascribed to them in the Plan, the Disclosure Statement, or the Solicitation Procedures Order, copies of which accompany this Ballot.

2. The Bankruptcy Court may confirm the Plan and thereby bind you, if it is accepted by the Holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each Impaired Class voting on the Plan. Please review the Disclosure Statement for more information.

3. To ensure that your vote is counted, you must complete and return this Ballot as follows: (a) indicate your decision either to accept or reject the Plan in the boxes provided in Item 2 of the Ballot; (b) review the certifications in Item 4; and (c) sign and return the Ballot to the address set forth in the pre-addressed postage pre-paid return envelope so that it is actually received by Voting and Solicitation Agent by the Voting Deadline, February 27, 2009 by 5:00 p.m. (prevailing Pacific Time).

4. If a Ballot is received after the Voting Deadline, it will not be counted. The method of delivery of Ballots to the Voting and Solicitation Agent is at the election and risk of each Holder of a Claim. Except as otherwise provided herein, such delivery will be deemed made only when the Voting and Solicitation Agent actually receives the originally executed Ballot. In all cases, Holders should allow sufficient time to assure timely delivery. DELIVERY OF A BALLOT BY FACSIMILE, E-MAIL, OR ANY OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES. No Ballot should be sent to the Debtors, the Debtors' financial or legal advisors, or the Bankruptcy Court.

5. You must vote all of your Claims within a particular Class either to accept or reject the Plan and you may not split your vote. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted.

6. If multiple Ballots are received from an individual Holder of a Claim with respect to the same Claim prior to the Voting Deadline, the last Ballot timely received will supersede and revoke any earlier received Ballots. However, if a Holder of a Claim casts multiple Ballots which are received by the Voting and Solicitation Agent on the same day, but which are voted inconsistently, such Ballots will not be counted.

7. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and to make certain certifications with respect thereto.

8. This Ballot does not constitute and shall not be deemed to be: (a) a Proof of Claim or Interest or (b) an assertion or admission of a Claim or Interest.

9. The following Ballots will not be counted in determining the acceptance or rejection of the Plan: (a) any Ballot that is illegible or contains insufficient information to permit the identification of the Holder of the Claim; (b) any Ballot cast by a party that does not hold a Claim in a Class that is entitled to vote on the Plan; (c) any Ballot cast for a Claim scheduled as contingent, unliquidated, or disputed for which the applicable Bar Date has passed and no Proof of Claim was timely filed; (d) any unsigned Ballot; (e) any Ballot not marked to accept or reject the Plan or any Ballot marked both to accept and reject the Plan; (f) any Ballot sent by facsimile or other electronic means; and (g) any Ballot submitted by any party not entitled to vote pursuant to the voting procedures described herein.

10. Please be sure to sign and date your Ballot. If you are completing the Ballot on behalf of the Holder of a Claim, indicate your relationship with that entity and the capacity in which you are signing. In addition, please provide your name and mailing address.

11. Unless otherwise directed by the Bankruptcy Court, delivery of a defective or irregular Ballot will not be deemed to have been made until such defect or irregularity has been cured or waived by the Debtors. Any waiver by the Debtors of defects or irregularities in any Ballot will be detailed in the Voting Report filed with the Bankruptcy Court by the Voting and Solicitation Agent. Neither the Debtors, nor any other person or entity,

will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots, nor will any of them incur any liability for failure to provide such notification.

12. After the Voting Deadline, no Ballot may be withdrawn or modified without the prior written consent of the Debtors.

13. If you believe you have received the wrong Ballot, please contact the Voting and Solicitation Agent immediately.

PLEASE MAIL YOUR BALLOT PROMPTLY!

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES PLEASE CALL THE VOTING AND SOLICITATION AGENT AT (877) 631-3923.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY OTHER PERSON THE AGENT OF THE DEBTORS OR THE VOTING AND SOLICITATION AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DEBTORS' SOLICITATION PACKAGE MATERIALS, INCLUDING THE DISCLOSURE STATEMENT AND PLAN.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095 (Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby

BALLOT FOR ACCEPTING OR REJECTING
THE JOINT PLAN OF KIMBALL HILL, INC. AND ITS DEBTOR SUBSIDIARIES
PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

Class C-2 — General Unsecured Claims

PLEASE READ AND FOLLOW THE ENCLOSED BALLOT INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE BALLOT.

THIS BALLOT IS ACCOMPANIED BY A PRE-ADDRESSED POSTAGE PRE-PAID RETURN ENVELOPE THAT IS ADDRESSED TO THE DEBTORS' VOTING AND SOLICITATION AGENT, KURTZMAN CARSON CONSULTANTS, LLC. THIS BALLOT MUST BE RECEIVED BY THE VOTING AND SOLICITATION AGENT BY 5:00 P.M. (PREVAILING PACIFIC TIME) ON OR BEFORE FEBRUARY 27, 2009 (THE "VOTING DEADLINE"). IF YOUR BALLOT IS NOT RECEIVED BY THE VOTING DEADLINE, THE DEBTORS SHALL REJECT SUCH BALLOT AS INVALID. IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT IT WILL BE BINDING ON YOU WHETHER OR NOT YOU VOTE.

[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

The Debtors have sent this Ballot to you because our records indicate that you are a Holder of a Class C-2 Claim, and, accordingly, you have the right to vote to accept or reject the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"). This Ballot may not be used for any purpose other than for casting votes to accept or reject the Plan and making certain certifications with respect thereto. If you believe you have received this Ballot in error, please contact the Voting and Solicitation Agent at the contact information below.

All capitalized terms used in the Ballot or in these instructions but not otherwise defined herein shall have the meanings ascribed to them in the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order") and the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement").

Your rights are described in the Disclosure Statement. The Bankruptcy Court has approved the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code. Bankruptcy Court approval of the Disclosure Statement does not indicate approval of the Plan. The Disclosure Statement, Plan, Solicitation Procedures Order, and certain other relevant materials are included with this Ballot for your review (collectively, the "Solicitation Package"). The Solicitation Package (except Ballots) can also be obtained from the Debtors' Voting and Solicitation Agent (a) at its website http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com. If you desire paper copies of any of the solicitation documents contained in the Solicitation Package please contact the Voting and Solicitation Agent.

You should carefully review the Plan and the Disclosure Statement before you vote. You may wish to seek legal advice concerning the Plan and classification and treatment of your Claim under the Plan. Your Claim has been placed in Class C-2 under the Plan. If you hold Claims in more than one Class, you will receive a Ballot for each Class in which you are entitled to vote. You should return all Ballots for each Class in which you are entitled to vote. All parties receiving Ballots with respect to Class C-2 Claims should return completed Ballots in accordance with the instructions (the "Ballot Instructions") set forth herein.

THIS BALLOT IS DIVIDED INTO TWO (2) PARTS:

PART I. WHO SHOULD USE THIS BALLOT

PART II. ITEMS ON THE BALLOT

- **Item 1. Principal Amount of Class C-2 Claims**
- **Item 2. Class C-2 Vote**
- **Item 3. Release Election (Optional)**
- **Item 4. Certifications**

PART I. WHO SHOULD USE THIS BALLOT

This Ballot is to be used by the Holders of Class C-2 General Unsecured Claims. This Ballot may not be used for any purpose other than casting votes to accept or reject the Plan. This Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or an assertion or admission of a Claim.

Please read and follow the instructions on the ballot carefully. This ballot is accompanied by a pre-addressed, postage-pre-paid return envelope. Your vote must be received by the Voting and Solicitation Agent by 5:00 p.m., prevailing Pacific Time, on or before the Voting Deadline, February 27, 2009.

PART II. ITEMS ON THE BALLOT

Item 1. Principal Amount of Class C-2 Claims

The undersigned hereby certifies that as of the Record Date, January 13, 2009 the undersigned was the Holder (or authorized signatory for a Holder) of Class C-2 Claims in the following aggregate unpaid principal amount (insert amount in box below).

$_____

Item 2. Class C-2 Claims Vote

The Holder of the Class C-2 Claims set forth in Item 1 above, votes to: (please check only one box)*	
ACCEPT THE PLAN	**REJECT THE PLAN**
☐	☐

** Any Ballot which is executed by the Holder of a Claim but which indicates both an acceptance and a rejection of the Plan or does not indicate either an acceptance or rejection of the Plan will not be counted.*

Item 3. Release Election (Optional)

Check the box below if you elect not to grant the releases set forth in Article VIII of the Plan. Election to withhold consent is at your option. If you submit your Ballot without this box checked, you will be deemed to consent to the releases set forth in Article VIII of the Plan to the fullest extent permitted by applicable law.

☐ The undersigned elects not to grant the releases set forth in Article VIII of the Plan.

Item 4. Certifications

By signing this Ballot, the undersigned certifies that:

(a) as of the Record Date, either: (i) the undersigned is the Holder of the Class C-2 Claims being voted in the aggregate amount indicated in Item 1 or (ii) the undersigned is an authorized signatory for a Holder of the Class C-2 Claims being voted in the aggregate amount indicated in Item 1;

(b) the undersigned (or in the case of an authorized signatory, the Holder) has received a copy of the Disclosure Statement and the Solicitation Package and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein;

(c) the undersigned has cast the same vote with respect to all Class C-2 Claims; and

(d) no other Ballots with respect to the Class C-2 Claims identified in Item 1 have been cast or, if any other Ballots have been cast with respect to such Claims, then any such earlier Ballots are hereby revoked.

Name of Holder: _____
(Please print or type)

Signature: _____

Name of Signatory: _____
(If other than Holder)

Title: _____

Address: _____

_____

_____

Date Completed: _____

☐ Please check here if the above address is a change of address that you would like reflected in the master mailing list for these chapter 11 cases.

PLEASE COMPLETE, SIGN, AND DATE THE BALLOT AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED.

THIS BALLOT MUST BE RECEIVED BY THE VOTING DEADLINE, WHICH IS 5:00 P.M. (PREVAILING PACIFIC TIME) ON FEBRUARY 27, 2009, BY:

Kimball Hill, Inc.
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, California 90245

BALLOT INSTRUCTIONS

1. The Debtors are soliciting the votes of Holders of Claims and Interests with respect to the Plan referred to in the Disclosure Statement (copies of which are being transmitted to you along with the Ballot). All capitalized terms used in the Ballot or Ballot Instructions but not otherwise defined herein have the meanings ascribed to them in the Plan, the Disclosure Statement, or the Solicitation Procedures Order, copies of which accompany this Ballot.

2. The Bankruptcy Court may confirm the Plan and thereby bind you, if it is accepted by the Holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each Impaired Class voting on the Plan. Please review the Disclosure Statement for more information.

3. To ensure that your vote is counted, you must complete and return this Ballot as follows: (a) indicate your decision either to accept or reject the Plan in the boxes provided in Item 2 of the Ballot; (b) review the certifications in Item 4; and (c) sign and return the Ballot to the address set forth in the pre-addressed postage pre-paid return envelope so that it is actually received by Voting and Solicitation Agent by the Voting Deadline, February 27, 2009 by 5:00 p.m. (prevailing Pacific Time).

4. If a Ballot is received after the Voting Deadline, it will not be counted. The method of delivery of Ballots to the Voting and Solicitation Agent is at the election and risk of each Holder of a Claim. Except as otherwise provided herein, such delivery will be deemed made only when the Voting and Solicitation Agent actually receives the originally executed Ballot. In all cases, Holders should allow sufficient time to assure timely delivery. DELIVERY OF A BALLOT BY FACSIMILE, E-MAIL, OR ANY OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES. No Ballot should be sent to the Debtors, the Debtors' financial or legal advisors, or the Bankruptcy Court.

5. You must vote all of your Claims within a particular Class either to accept or reject the Plan and you may not split your vote. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted.

6. If multiple Ballots are received from an individual Holder of a Claim with respect to the same Claim prior to the Voting Deadline, the last Ballot timely received will supersede and revoke any earlier received Ballots. However, if a Holder of a Claim casts multiple Ballots which are received by the Voting and Solicitation Agent on the same day, but which are voted inconsistently, such Ballots will not be counted.

7. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and to make certain certifications with respect thereto.

8. This Ballot does not constitute and shall not be deemed to be: (a) a Proof of Claim or Interest or (b) an assertion or admission of a Claim or Interest.

9. The following Ballots will not be counted in determining the acceptance or rejection of the Plan: (a) any Ballot that is illegible or contains insufficient information to permit the identification of the Holder of the Claim; (b) any Ballot cast by a party that does not hold a Claim in a Class that is entitled to vote on the Plan; (c) any Ballot cast for a Claim scheduled as contingent, unliquidated, or disputed for which the applicable Bar Date has passed and no Proof of Claim was timely filed; (d) any unsigned Ballot; (e) any Ballot not marked to accept or reject the Plan or any Ballot marked both to accept and reject the Plan; (f) any Ballot sent by facsimile or other electronic means; and (g) any Ballot submitted by any party not entitled to vote pursuant to the voting procedures described herein.

10. Please be sure to sign and date your Ballot. If you are completing the Ballot on behalf of the Holder of a Claim, indicate your relationship with that entity and the capacity in which you are signing. In addition, please provide your name and mailing address.

11. Unless otherwise directed by the Bankruptcy Court, delivery of a defective or irregular Ballot will not be deemed to have been made until such defect or irregularity has been cured or waived by the Debtors. Any waiver by the Debtors of defects or irregularities in any Ballot will be detailed in the Voting Report filed with the Bankruptcy Court by the Voting and Solicitation Agent. Neither the Debtors, nor any other person or entity,

will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots, nor will any of them incur any liability for failure to provide such notification.

12. After the Voting Deadline, no Ballot may be withdrawn or modified without the prior written consent of the Debtors.

13. If you believe you have received the wrong Ballot, please contact the Voting and Solicitation Agent immediately.

PLEASE MAIL YOUR BALLOT PROMPTLY!

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES PLEASE CALL THE VOTING AND SOLICITATION AGENT AT (877) 631-3923.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY OTHER PERSON THE AGENT OF THE DEBTORS OR THE VOTING AND SOLICITATION AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DEBTORS' SOLICITATION PACKAGE MATERIALS, INCLUDING THE DISCLOSURE STATEMENT AND PLAN.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095
	)	(Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby

BENEFICIAL BALLOT FOR ACCEPTING OR REJECTING THE JOINT PLAN OF KIMBALL HILL, INC. AND ITS DEBTOR SUBSIDIARIES PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

Class C-3 — Unsecured Senior Subordinated Note Claims

PLEASE READ AND FOLLOW THE ENCLOSED BALLOT INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE BALLOT.

THIS BALLOT IS ACCOMPANIED BY A PRE-ADDRESSED POSTAGE PRE-PAID RETURN ENVELOPE. IF YOU RECEIVED A RETURN ENVELOPE ADDRESSED TO FINANCIAL BALLOTING GROUP LLC, (THE "SECURITIES VOTING AGENT"), YOUR COMPLETED BALLOT **MUST BE RECEIVED BY FINANCIAL BALLOTING GROUP LLC** BY 5:00 P.M. (PREVAILING PACIFIC TIME) ON OR BEFORE FEBRUARY 27, 2009 (THE "VOTING DEADLINE"). IF YOU RECEIVED A RETURN ENVELOPE ADDRESSED TO YOUR NOMINEE, YOUR COMPLETED BALLOT **MUST BE SENT TO YOUR NOMINEE**, NOT FINANCIAL BALLOTING GROUP LLC, ALLOWING SUFFICIENT TIME FOR YOUR NOMINEE TO RECEIVE YOUR BALLOT, COMPLETE A MASTER BALLOT, AND TRANSMIT THE MASTER BALLOT TO FINANCIAL BALLOTING GROUP LLC, SO THAT IT IS ACTUALLY RECEIVED BY THE VOTING DEADLINE. IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT IT WILL BE BINDING ON YOU WHETHER OR NOT YOU VOTE.

[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

The Debtors have sent this Ballot to you because records indicate that you are a Beneficial Holder of a Class C-3 Claim, and, accordingly, you have the right to vote to accept or reject the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"). This Ballot may not be used for any purpose other than for casting votes to accept or reject the Plan and making certain certifications with respect thereto. If you believe you have received this Ballot in error, please contact the Voting and Solicitation Agent at the contact information below.

All capitalized terms used in the Ballot or in these instructions but not otherwise defined herein shall have the meanings ascribed to them in the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order") and the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement").

Your rights are described in the Disclosure Statement. The Bankruptcy Court has approved the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code. Bankruptcy Court approval of the Disclosure Statement does not indicate approval of the Plan. The Disclosure Statement, Plan, Solicitation Procedures Order, and certain other relevant materials are included with this Ballot for your review (collectively, the "Solicitation Package"). The Solicitation Package (except Ballots) can also be obtained from the Debtors' Voting and Solicitation Agent (a) at its website http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com. If you desire paper copies of any of the solicitation documents contained in the Solicitation Package please contact the Voting and Solicitation Agent.

You should carefully review the Plan and the Disclosure Statement before you vote. You may wish to seek legal advice concerning the Plan and classification and treatment of your Claim under the Plan. Your Claim has been placed in Class C-3 under the Plan. If you hold Claims in more than one Class, you will receive a Ballot for each Class in which you are entitled to vote. You should return all Ballots for each Class in which you are entitled to vote. All parties receiving Ballots with respect to Class C-3 Claims should return completed Ballots in accordance with the instructions (the "Ballot Instructions") set forth herein.

THIS BALLOT IS DIVIDED INTO TWO (2) PARTS:

PART I. WHO SHOULD USE THIS BALLOT

PART II. ITEMS ON THE BALLOT

- **Item 1. Principal Amount of Class C-3 Claims**
- **Item 2. Class C-3 Vote**
- **Item 3. Release Election (Optional)**
- **Item 4. Certification as to Class C-3 Claims in Additional Accounts**
- **Item 4. Certifications**

PART I. WHO SHOULD USE THIS BALLOT

This Ballot is to be used by the Beneficial Holders of Class C-3 Unsecured Senior Subordinated Note Claims. This Ballot may not be used for any purpose other than casting votes to accept or reject the Plan. This Ballot does not constitute, and shall not be deemed to be, a Proof of Claim or an assertion or admission of a Claim.

Please read and follow the instructions on the ballot carefully. This ballot is accompanied by a pre-addressed, postage-pre-paid return envelope. Your vote must be received by the Securities Voting Agent by 5:00 p.m., prevailing Pacific Time, on or before the Voting Deadline, February 27, 2009.

PART II. ITEMS ON THE BALLOT

Item 1. Principal Amount of Class C-3 Claims

The undersigned hereby certifies that as of the Record Date, January 13, 2009 the undersigned was the Beneficial Holder (or authorized signatory for the Beneficial Holder) or the Nominee of a Beneficial Holder of Class C-3 Claims in the following unpaid principal amount (insert amount in box below). If your Unsecured Senior Subordinated Note Claims are held by a Nominee on your behalf and you do not know the amount of Class C-3 Unsecured Senior Subordinated Note Claims held, please contact your Nominee immediately.

$_____

Item 2. Class C-3 Claims Vote

The Holder of the Class C-3 Claims set forth in Item 1 above, votes to: (please check one box only)*	
ACCEPT THE PLAN	**REJECT THE PLAN**
☐	☐

**** Any Ballot which is executed by the Holder of a Claim but which indicates both an acceptance and a rejection of the Plan or does not indicate either an acceptance or rejection of the Plan will not be counted.***

Item 3. Release Election (Optional)

Check the box below if you elect not to grant the releases set forth in Article VIII of the Plan. Election to withhold consent is at your option. If you submit your Ballot without this box checked, you will be deemed to consent to the releases set forth in Article VIII of the Plan to the fullest extent permitted by applicable law.

☐ The undersigned elects not to grant the releases set forth in Article VIII of the Plan.

Item 4. Certification as to Class C-3 Claims in Additional Accounts

By completing and returning this Ballot, the undersigned Beneficial Holder certifies that either (a) it has not submitted any other Ballots for other Class C-3 Unsecured Senior Subordinated Note Claims held in other accounts or other record names or (b) it has provided the information specified in the following table for all other Class C-3 Unsecured Senior Subordinated Note Claims for which it has submitted additional Ballots, each of which indicates the same vote to accept or reject the Plan (please use additional sheets of paper if necessary):

ONLY COMPLETE THIS SECTION IF YOU HAVE VOTED CLASS C-3 UNSECURED SENIOR SUBORDINATED NOTE CLAIMS OTHER THAN THIS BALLOT.

Account Number	Name of Holder[1]	Principal Amount of Other Class C-3 Claims Voted
1.		$
2.		$
3.		$
4.		$
5.		$
6.		$
7.		$
8.		$
9.		$
10.		$

Item 5. Certifications

By signing this Ballot, the undersigned certifies that:

(a) as of the Record Date, either: (i) the undersigned is the Beneficial Holder of the Class C-3 Claims being voted in the amount indicated in Item 1 or (ii) the undersigned is an authorized signatory for a Beneficial Holder of the Class C-3 Claims being voted in the amount indicated in Item 1;

(b) the undersigned (or in the case of an authorized signatory, the Beneficial Holder) has received a copy of the Disclosure Statement and the Solicitation Package and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein;

(c) the undersigned has cast the same vote with respect to all Class C-3 Claims; and

(d) no other Ballots with respect to the Class C-3 Claims identified in Item 1 have been cast or, if any other Ballots have been cast with respect to such Claims, then any such earlier Ballots are hereby revoked.

[1] List your name, if the Class C-3 Claims are held by you in record name. If the Class C-3 Claims are held in "street name," please list the name of your Nominee (e.g., broker or bank).

Name of Holder: _____
(Please print or type)

Signature: _____

Name of Signatory: _____
(If other than Holder)

Title: _____

Address: _____

_____

_____

Date Completed: _____

PLEASE COMPLETE, SIGN, AND DATE THE BALLOT AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED.

IF YOU RECEIVED A BALLOT AND A RETURN ENVELOPE ADDRESSED TO FINANCIAL BALLOTING GROUP, YOUR COMPLETED BALLOT MUST BE RECEIVED BY FINANCIAL BALLOTING GROUP LLC BY 5:00 P.M. (PREVAILING PACIFIC TIME) ON OR BEFORE VOTING DEADLINE.

IF YOU RECEIVED A BALLOT AND RETURN ENVELOPE ADDRESSED TO YOUR NOMINEE, YOUR COMPLETED BALLOT MUST BE SENT TO YOUR NOMINEE, NOT FINANCIAL BALLOTING GROUP LLC. ALLOW SUFFICIENT TIME FOR YOUR NOMINEE TO RECEIVE YOUR BALLOT AND INCLUDE YOUR VOTE ON A MASTER BALLOT, AND TRANSMIT THE MASTER BALLOT TO FINANCIAL THE BALLOTING GROUP LLC, SO THAT IT IS RECEIVED BY THE VOTING DEADLINE.

BALLOT INSTRUCTIONS

1. The Debtors are soliciting the votes of Holders of Claims and Interests with respect to the Plan referred to in the Disclosure Statement (copies of which are being transmitted to you along with the Ballot). All capitalized terms used in the Ballot or Ballot Instructions but not otherwise defined herein have the meanings ascribed to them in the Plan, the Disclosure Statement, or the Solicitation Procedures Order, copies of which accompany this Ballot.

2. The Bankruptcy Court may confirm the Plan and thereby bind you, if it is accepted by the Holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each Impaired Class voting on the Plan. Please review the Disclosure Statement for more information.

3. To ensure that your vote is counted, you must complete and return this Ballot as follows: (a) indicate your decision either to accept or reject the Plan in the boxes provided in Item 2 of the Ballot; (b) review the certifications in Item 4; and (c) sign and return the Ballot to the address set forth in the pre-addressed postage pre-paid return envelope.

4. If a Ballot is received after the Voting Deadline, it will not be counted. The method of delivery of Ballots to the Securities Voting Agent is at the election and risk of each Beneficial Holder. Except as otherwise provided herein, such delivery will be deemed made only when the Securities Voting Agent actually receives the originally executed Ballot. In all cases, Beneficial Holders should allow sufficient time to assure timely delivery. DELIVERY OF A BALLOT BY FACSIMILE, E-MAIL, OR ANY OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES. No Ballot should be sent to the Debtors, the Debtors' financial or legal advisors, or the Bankruptcy Court.

5. You must vote all of your Claims within a particular Class either to accept or reject the Plan and you may not split your vote. Accordingly, a Ballot that partially rejects and partially accepts the Plan will not be counted.

6. If multiple Ballots are received from a Beneficial Holder of a Claim with respect to the same Claim prior to the Voting Deadline, the latest dated, validly executed, timely received Ballot will supersede and revoke any prior Ballots.

7. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and to make certain certifications with respect thereto.

8. This Ballot does not constitute and shall not be deemed to be: (a) a Proof of Claim or Interest or (b) an assertion or admission of a Claim or Interest.

9. The following Ballots will not be counted in determining the acceptance or rejection of the Plan: (a) any Ballot that is illegible or contains insufficient information to permit the identification of the Beneficial Holder; (b) any Ballot cast by a party that does not hold a Claim in a Class that is entitled to vote on the Plan; (c) any Ballot cast for a Claim scheduled as contingent, unliquidated or disputed for which the applicable Bar Date has passed and no Proof of Claim was timely filed; (d) any unsigned Ballot; (e) any Ballot not marked to accept or reject the Plan or any Ballot marked both to accept and reject the Plan; (f) any Ballot sent by facsimile or other electronic means; and (g) any Ballot submitted by any party not entitled to vote pursuant to the voting procedures described herein.

10. Please be sure to sign and date your Ballot. If you are completing the Ballot on behalf of a Beneficial Holder of a Claim, indicate your relationship with that entity and the capacity in which you are signing. In addition, please provide your name and mailing address.

11. Unless otherwise directed by the Bankruptcy Court, delivery of a defective or irregular Ballot will not be deemed to have been made until such defect or irregularity has been cured or waived by the Debtors. Any waiver by the Debtors of defects or irregularities in any Ballot will be detailed in the Voting Report filed with the Bankruptcy Court by the Voting and Solicitation Agent. Neither the Debtors, nor any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to delivered Ballots, nor will any of them incur any liability for failure to provide such notification.

12. After the Voting Deadline, no Ballot may be withdrawn or modified without the prior written consent of the Debtors.

13. If you believe you have received the wrong Ballot, please contact the Securities Voting Agent immediately at (646) 282-1800.

PLEASE MAIL YOUR BALLOT PROMPTLY!

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT OR THE VOTING PROCEDURES PLEASE CALL THE SECURITIES VOTING AGENT AT (646) 282-1800.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY OTHER PERSON THE AGENT OF THE DEBTORS OR THE SECURITIES VOTING AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DEBTORS' SOLICITATION PACKAGE MATERIALS, INCLUDING THE DISCLOSURE STATEMENT AND PLAN.

Exhibit C

Master Ballot

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095
	)	(Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby
	)	

MASTER BALLOT FOR ACCEPTING OR REJECTING THE JOINT PLAN OF KIMBALL HILL, INC. AND ITS DEBTOR SUBSIDIARIES PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

Class C-3 — Unsecured Senior Subordinated Note Claims

PLEASE READ AND FOLLOW THE ENCLOSED BALLOT INSTRUCTIONS CAREFULLY BEFORE COMPLETING THE MASTER BALLOT.

THIS MASTER BALLOT MUST BE RECEIVED BY FINANCIAL BALLOTING GROUP LLC, THE SECURITIES VOTING AGENT, BY 5:00 P.M. (PREVAILING PACIFIC TIME) ON OR BEFORE FEBRUARY 27, 2009 (THE "VOTING DEADLINE"). IF THIS MASTER BALLOT IS NOT RECEIVED BY THE VOTING DEADLINE, THE DEBTORS SHALL REJECT SUCH MASTER BALLOT (AND ALL INCORPORATED BENEFICIAL HOLDER BALLOTS) AS INVALID. IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT IT WILL BE BINDING ON YOU WHETHER OR NOT YOU VOTE.

[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

This Master Ballot may not be used for any purpose other than for submitting the votes of Beneficial Holders to accept or reject the Plan and making certain certifications with respect thereto. If you believe you have received this Ballot in error, please contact the Securities Voting Agent at the contact information below.

The Debtors have sent this Master Ballot to you because our records indicate that you are a broker, dealer, commercial bank, trust company, savings and loan, financial institution, or other party (each, a "Nominee") in whose name the Debtors' 10 1/2% Senior Subordinated Notes are registered or held of record on behalf of beneficial owners (each, a "Beneficial Holder"). Nominees should use the Master Ballot to submit the votes cast by Beneficial Holders to accept or reject the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"), on behalf of and in accordance with the Ballots cast by Beneficial Holders of Class C-3 Unsecured Senior Subordinated Note Claims. All Nominees casting Master Ballots with respect to Class C-3 Claims should return completed Ballots by Beneficial Holders in accordance with the instructions (the "Master Ballot Instructions") set forth herein.

All capitalized terms used in the Ballot or in these instructions but not otherwise defined herein shall have the meanings ascribed to them in the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order") and the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement").

The Bankruptcy Court has approved the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code. Bankruptcy Court approval of the Disclosure Statement does not indicate approval of the Plan. The Disclosure Statement, Plan, Solicitation Procedures Order, and certain other relevant materials are included with this Ballot for your review (collectively, the "Solicitation Package"). The Solicitation Package or paper copies of any of the documents contained in the Solicitation Package can be obtained from the Securities Voting Agent by (a) writing to Kimball Hill, Inc., c/o Financial Balloting Group LLC, 757 Third Avenue - Third Floor, New York, New York 10017, Attn: Ballot Processing Center or (b) by calling (646) 282-1800.

Item 1. Certification of Authority to Vote

The undersigned certifies that, as of the Record Date, January 13, 2009 the undersigned (please check the applicable box):

- ❑ is a Nominee for the Beneficial Holders of the aggregate amount of Class C-3 Claims listed in Item 2 below or the registered Holder of the 10 1/2% Senior Subordinated Notes represented by any such Class C-3 Claims;

- ❑ is acting under a power of attorney and/or agency agreement (a copy of which will be provided upon request) granted by a Nominee that is the registered Holder of the aggregate amount of Class C-3 Claims listed in Item 2 below; or

- ❑ has been granted a proxy (an original of which is annexed hereto) from (a) a Nominee or (b) a Beneficial Holder, that is the registered Holder of the aggregate amount of the Class C-3 Claims listed in Item 2 below and, accordingly, has full power and authority to vote to accept or reject the Plan on behalf of the Beneficial Holders of the Class C-3 Claims described in Item 2 below.

Item 2 and 3. Class C-3 Votes on Plan and Releases

The undersigned transmits the following votes or releases of Beneficial Holders in respect of their Class C-3 Claims and certifies that the following Beneficial Holders of Class C-3 Claims, as identified by their respective customer account numbers set forth below, are Beneficial Holders of such securities as of the Record Date and have delivered to the undersigned, as Nominee, Beneficial Ballots casting such votes on the Plan and/or electing not to grant the releases set forth in Article VIII of the Plan.

Indicate in the appropriate column below the aggregate principal amount voted for each account or attach such information to this Master Ballot in the form of the following table. Please note that each account of a Beneficial Holder must vote all such Beneficial Holder's Class C-3 Claims to accept or reject the Plan and may not split such vote. Do not count any Ballot executed by the Beneficial Holder that does not indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan. Please use additional sheets if necessary.

Your Customer Account Number for Each Beneficial Holder of Class C-3 Claims	VOTE ON PLAN		RELEASE ELECTION
	Amount Voting to ACCEPT	Amount Voting to REJECT	Check Box if the Beneficial Holder Checked the Release Election Box in Item 3 of the Beneficial Ballot
1.	$	$	❑
2.	$	$	❑
3	$	$	❑
4.	$	$	❑
5.	$	$	❑

Your Customer Account Number for Each Beneficial Holder of Class C-3 Claims	VOTE ON PLAN		RELEASE ELECTION
	Amount Voting to ACCEPT	Amount Voting to REJECT	Check Box if the Beneficial Holder Checked the Release Election Box in Item 3. of the Beneficial Ballot
6.	$	$	❑
7.	$	$	❑
8	$	$	❑
9.	$	$	❑
10.	$	$	❑
TOTALS	$	$	

Item 4. Certification as to Transcription of Information from Item 4 of the Ballots as to Class C-3 Claims Voted Through Other Ballots.

The undersigned certifies that the undersigned has transcribed in the following table the information, if any, provided by Beneficial Holders in Item 4 of each of the Beneficial Holder's original Ballots, identifying any Class C-3 Claims for which such Beneficial Holders have submitted other Ballots other than to the undersigned:

Your Customer Account Number for Each Beneficial Holder Who Completed Item 4 of the Ballots	TRANSCRIBE FROM ITEM 4 OF THE BALLOTS:		
	Account Number	Name of Holder	Principal Amount of Other ClassC-3 Claims Voted
1.			$
2.			$
3.			$
4.			$
5.			$
6.			$
7.			$
8.			$
9.			$
10.			$

Item 5. Certifications

By signing this Master Ballot, the undersigned certifies that:

(a) it (i) has received the Solicitation Package (including the Ballots) and has delivered the same to the Beneficial Holders or to any intermediary Nominee, as applicable; (ii) has received a completed and signed Beneficial Ballot from each Beneficial Holder listed in Item 2 of this Master Ballot or from an intermediary nominee, as applicable; (iii) is the registered Holder of the securities being voted; and (iv) has been authorized by each such Beneficial Holder or intermediary Nominee, as applicable, to vote on the Plan and to make applicable elections;

(b) it has properly disclosed: (i) the number of Beneficial Holders who completed Ballots; (ii) the respective amounts and issues of the Class C-3 Claims owned, as the case may be, by each Beneficial Holder who completed a Beneficial Ballot; (iii) each such Beneficial Holder's respective vote concerning the Plan and the release provisions; (iv) each such Beneficial Holder's certification as to other Class C-3 Claims voted; and (v) the customer account or other identification number for each such Beneficial Holder; and

(c) it will maintain Ballots returned by Beneficial Holders or by intermediary nominees (whether properly completed or defective) for at least one year after the Voting Deadline and disclose all such information to the Bankruptcy Court or the Debtors, as the case may be, if so ordered.

Name of Nominee: _____
(Please print or type)

Name of Proxy Holder or Agent for Nominee: (if applicable) _____
(Please print or type)

Participant Number: _____

Name of Signatory: _____
(If other than Holder)

Signature _____

Title: _____

Address: _____

_____

_____

Date Completed: _____

PLEASE COMPLETE, SIGN, AND DATE THIS MASTER BALLOT AND RETURN IT PROMPTLY.

THIS MASTER BALLOT MUST BE RECEIVED BY THE VOTING DEADLINE, WHICH IS 5:00 P.M. (PREVAILING PACIFIC TIME) ON: FEBRUARY 27, 2009, BY:

Kimball Hill, Inc.
c/o Financial Balloting Group LLC
757 Third Avenue - Third Floor
New York, New York 10017
Attn: Ballot Processing Center

MASTER BALLOT INSTRUCTIONS

1. The Debtors are soliciting the votes of Holders of Claims and Interests with respect to the Plan referred to in the Disclosure Statement (copies of which are being transmitted to you along with the Ballot). All capitalized terms used in the Master Ballot or Master Ballot Instructions but not otherwise defined herein have the meanings ascribed to them in the Plan, the Disclosure Statement, or the Solicitation Procedures Order, copies of which accompany this Master Ballot.

2. The Bankruptcy Court may confirm the Plan and thereby bind Beneficial Holders, if it is accepted by the Holders of two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in each Impaired Class voting on the Plan. Please review the Disclosure Statement for more information.

3. You should immediately distribute the Ballots and other documents relating to the Plan, including the Disclosure Statement (collectively, the "Solicitation Package"), to all Beneficial Holders of Claims or intermediary nominees and take any action required to enable each such Beneficial Holder to vote timely the Claims that it holds. Any Ballot returned to you by a Beneficial Holder of a Claim or intermediary nominee shall not be counted for purposes of accepting or rejecting the Plan until you properly complete and deliver to the Securities Voting Agent a Master Ballot that reflects the vote of such Beneficial Holders or intermediary nominees by Voting Deadline, February 27, 2009 at 5:00 p.m. prevailing Pacific Time.

4. With regard to any Ballots returned to you by a Beneficial Holder or intermediary nominee, you must: (a) compile and validate the votes and other relevant information of each such Beneficial Holder on the Master Ballot using the customer name or account number assigned by you or an intermediary nominee to each such Beneficial Holder; (b) execute the Master Ballot; (c) transmit such Master Ballot to the Securities Voting Agent by the Voting Deadline; and (d) retain such Ballots in your files for a period of one year after the Voting Deadline. You may be ordered to produce the Ballots to the Debtors or the Bankruptcy Court.

5. If a Master Ballot is received after the Voting Deadline, it will not be counted unless the Debtors determine otherwise. The method of delivery of Master Ballots to the Securities Voting Agent is at the election and risk of each Nominee. Except as otherwise provided herein, such delivery will be deemed made only when the Securities Voting Agent actually receives the originally executed Master Ballot. Instead of effecting delivery by mail, it is recommended, though not required, that Nominees use an overnight or hand delivery service. In all cases, Nominees should allow sufficient time to assure timely delivery. DELIVERY OF A MASTER BALLOT TO THE SECURITIES VOTING AGENT BY FACSIMILE, E-MAIL, OR ANY OTHER ELECTRONIC MEANS SHALL NOT BE VALID UNDER ANY CIRCUMSTANCES. No Master Ballot should be sent to any of the Debtors, the Debtors' agents (other than the Securities Voting Agent), any indenture trustee (unless specifically instructed to do so by the Master Ballot Instructions), the Debtors' financial or legal advisors, or the Bankruptcy Court, and if so sent will not be counted.

6. If multiple Master Ballots are received from the same Nominee with respect to the same Ballot belonging to a Beneficial Holder of a Claim prior to the Voting Deadline, the latest dated, validly executed Master Ballot timely received will supersede and revoke any earlier dated Master Ballots.

7. The Master Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan and make certifications with respect to the Ballots.

8. This Master Ballot does not constitute and shall not be deemed to be: (a) a Proof of Claim or Interest or (b) an assertion or admission of a Claim or Interest.

9. Please be sure to sign and date the Master Ballot and complete all requested information.

10. If you are both the Nominee and the Beneficial Holder of any of the Class C-3 Claims and you wish to vote such Class C-3 Claims, you may return a Beneficial Ballot or a Master Ballot for such Class C-3 Claims.

11. The following Ballots and Master Ballots shall not be counted in determining the acceptance or rejection of the Plan: (a) any Ballot or Master Ballot that is illegible or contains insufficient information to permit the

identification of the Beneficial Holder; (b) any Ballot or Master Ballot cast by a party that does not hold a Claim in a Class that is entitled to vote on the Plan; (c) any Ballot or Master Ballot cast for a Claim scheduled as contingent, disputed, or unliquidated or for which the applicable Bar Date has passed and no Proof of Claim was timely filed; (d) any unsigned Ballot or Master Ballot; (e) any Ballot or Master Ballot not marked to accept or reject the Plan or any Ballot or Master Ballot marked both to accept and reject the Plan; (f) any Ballot or Master Ballot sent by facsimile or other electronic means; and (g) any Ballot or Master Ballot submitted by any party not entitled to vote pursuant to the voting procedures described herein.

12. After the Voting Deadline, no Ballot or Master Ballot may be withdrawn or modified without the prior written consent of the Debtors.

13. If you believe you have received the wrong Ballot or Master Ballot, please contact the Voting and Solicitation Agent immediately.

PLEASE MAIL YOUR MASTER BALLOT PROMPTLY!

IF YOU HAVE ANY QUESTIONS REGARDING THIS MASTER BALLOT OR THE VOTING PROCEDURES PLEASE CALL THE SECURITIES VOTING AGENT, FINANCIAL BALLOTING GROUP, AT (646) 282-1800.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY OTHER PERSON THE AGENT OF THE DEBTORS OR THE VOTING AND SOLICITATION AGENT, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF ANY OF THEM WITH RESPECT TO THE PLAN, EXCEPT FOR THE STATEMENTS CONTAINED IN THE DEBTORS' SOLICITATION PACKAGE MATERIALS, INCLUDING THE DISCLOSURE STATEMENT AND PLAN.

Exhibit D

Confirmation Hearing Notice

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

	)	Chapter 11
In re:	)	
	)	Case No. 08-10095
KIMBALL HILL, INC., *et al.*,[1]	)	(Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby
	)	

NOTICE OF (A) THE SOLICITATION AND VOTING PROCEDURES, (B) THE PLAN OBJECTION DEADLINE, AND (C) THE CONFIRMATION HEARING WITH RESPECT TO THE DEBTORS' PLAN

PLEASE TAKE NOTICE that on January 21, 2009 the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court") entered the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order"). Pursuant to the Solicitation Procedures Order, a copy of which is provided with this notice (the "Notice"), the Bankruptcy Court approved, among other things, the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement") filed in support of the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"), as containing adequate information, as required under section 1125(a) of title 11 of the United States Code (the "Bankruptcy Code"), and authorizing the Debtors to solicit votes with regard to the Plan.[2]

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[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Disclosure Statement.

Confirmation Hearing. A hearing to confirm the Plan (the "Confirmation Hearing") will commence on March 9, 2009 at 2:00 p.m. prevailing Central Time before the Honorable Susan Pierson Sonderby in Courtroom 642 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604. The Confirmation Hearing may be continued from time to time by the Court or the Debtors without further notice other than such adjournment announced in open court. In accordance with the Plan, the Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to interested parties.

At the Confirmation Hearing, the Debtors will seek approval of the global settlement reached between the official committee of unsecured creditors and the Debtors' prepetition senior secured lenders that is incorporated into, and designed to be implemented through, the Plan. The settlement on which the Plan is premised provides for distributions to creditors on a consolidated basis. Consistent with the settlement, any Claim against a Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors are deemed one right to a distribution under the Plan. In addition to governing the treatment and distributions to be received by certain Holders of Claims, the settlement resolves several other matters regarding the administration of the Debtors' Estates, including (a) the manner in which Administrative Claims will be paid and (b) the establishment of the Post-Consummation Trust and the Liquidation Trust in full and final settlement of any and all claims and causes of action asserted by the Creditors' Committee against the Prepetition Agent including the diminution in value claims asserted by the Prepetition Lenders and the avoidance actions under chapter 5 of the Bankruptcy Code that the Creditors' Committee sought to assert.

Warranty Claims. If you bought a home from Kimball Hill and the closing occurred on or after April 23, 2008, any warranty claim you may have should be asserted against the warranty insurance. Additionally, you may wish to consult your own attorneys or other professionals to determine whether you hold a claim against Kimball Hill. Individuals with warranty claims who wish to contest their status under the Plan should refer to the procedures for filing an objection to the Plan set forth above and in the Solicitation Procedures Order.

Copies of the Disclosure Statement, the Plan, and the Solicitation Package. The Debtors will serve the Disclosure Statement, Plan, Solicitation Procedures Order, and certain other relevant materials (collectively, the "Solicitation Package") on the Holders of Claims entitled to vote as of the Record Date. The Solicitation Package (except Ballots) can also be obtained (i) from the Debtors' Voting and Solicitation Agent (a) at its website at http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com or (ii) for a fee via PACER at http://ecf.ilnb.uscourts.gov/. If you desire paper copies of any of the solicitation documents contained in the Solicitation Package please contact the Voting and Solicitation Agent.

Record Date. The Record Date for purposes of determining which Holders of Claims are entitled to vote on the Plan is January 13, 2009.

Voting Deadline. The Bankruptcy Court has approved February 27, 2009 at 5:00 p.m. prevailing Pacific Time, as the voting deadline (the "Voting Deadline") for submitting Ballots and Master Ballots with respect to the Plan. If you hold a Claim against one of the Debtors as of the Record Date and are entitled to vote to accept or reject the Plan, you have received a Ballot

or a Master Ballot and Ballot Instructions appropriate for your Claim(s). For your vote on the Plan to be counted, you must follow the appropriate Ballot Instructions, complete all required information on the Ballot or Master Ballot, execute and return the completed Ballot or Master Ballot so that it is actually received in accordance with the Ballot Instructions at the address indicated on the Ballot or Master Ballot by the Voting Deadline. Any failure to follow the Ballot Instructions included with the Ballot or Master Ballot may disqualify your Ballot or Master Ballot and your vote.

Objections to the Plan. The Bankruptcy Court has established February 27, 2009 at 5:00 p.m. prevailing Central Time, as the last date and time for filing and serving objections to the Confirmation of the Plan (the "Plan Objection Deadline"). Any objection to the Plan must (a) be in writing; (b) conform to the Bankruptcy Rules and the Local Rules; (c) state the name and address of the objecting party and the amount and nature of the Claim or Interest; (d) state with particularity the basis and nature of any objection to the Plan; (e) propose a modification to the Plan that would resolve such objection (if applicable); and (f) be filed, contemporaneously with a proof of service, with the Court and served so that it is actually received no later than the Plan Objection Deadline by the following parties:

Counsel to the Debtors	*Office of the United States Trustee for the Northern District of Illinois*
Kirkland & Ellis LLP Attn: Ray C. Schrock Lauren Hawkins Aon Center 200 East Randolph Drive Chicago, Illinois 60601	United States Trustee Attn: Kathryn M. Gleason Stephen G. Wolfe United States Courthouse 219 South Dearborn Street, Suite. 873 Chicago, Illinois 60604
Co-Counsel to the Creditors' Committee	
Akin Gump Strauss Hauer & Feld LLP Attn: Philip C. Dublin 590 Madison Avenue New York, New York 10022	**Shaw Gussis Fishman Glantz Wolfson & Towbin LLC** Attn: Steven B. Towbin, Esq. 321 North Clark Street Chicago, Illinois 60610
Counsel to the Agent to the Prepetition Secured Lenders	
Mayer Brown LLP Attn: J. Robert Stoll, Esq. 71 South Wacker Drive Chicago, Illinois 60606	

Temporary Allowance of Claims for Voting Purposes. If a Holder's Claim is subject to a pending objection as of the Record Date, the Holder of such Claim cannot vote unless one or more of the following events have taken place at least five (5) business days before the Voting Deadline: (a) an order of the Bankruptcy Court is entered allowing such Claim pursuant to section 502(b) of the Bankruptcy Code, after notice and a hearing; (b) an order of the Bankruptcy Court is entered temporarily allowing such Claim for voting purposes only pursuant to Bankruptcy Rule 3018(a), after notice and a hearing; (c) a stipulation or other agreement is executed between the Holder of such Claim and the Debtors resolving the objection and allowing such Claim in an agreed upon amount; (d) a stipulation or other agreement is executed between the Holder of such Claim and the Debtors temporarily allowing the Holder of such Claim to vote

its Claim in an agreed upon amount; or (e) the pending objection to such Claim is voluntarily withdrawn by the Debtors (each, a "Resolution Event"). No later than two (2) business days after a Resolution Event, the Voting and Solicitation Agent or Securities Voting Agent, as appropriate, shall distribute a Solicitation Package and a pre-addressed, postage pre-paid envelope to the relevant Holder of such temporarily allowed Claim that has been allowed for voting purposes only (or for other purposes as set forth in an applicable order of the Bankruptcy Court) by such Resolution Event, which must be returned according to the instructions on the Ballot by no later than the Voting Deadline.

If the Holder of a Claim receives a Solicitation Package and the Debtors object to such Claim after the Record Date but at least fifteen (15) days prior to the Confirmation Hearing, the Debtors' notice of objection will inform such Holder of the rules applicable to Claims subject to a pending objection and the procedures for temporary allowance for voting purposes. Furthermore, if the Holder of a Claim receives a Solicitation Package and the Debtors object to such Claim less than fifteen (15) days prior to the Confirmation Hearing, the Holder's Claim shall be deemed temporarily allowed for voting purposes only without further action by the Holder of such Claim and without further order of the Bankruptcy Court.

Release, Exculpation, and Injunction Provisions in the Plan. Please be advised that the Plan contains certain release, exculpation, and injunction provisions. Article VIII of the Plan provides as follows:

Releases by the Debtors: Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties (defined below) to facilitate the expeditious emergence of the Debtors and the implementation of the Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, their Estates, the Post-Consummation Trust, the Liquidation Trust, and their Affiliates, from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims or Causes of Action asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, their Estates, the Post-Consummation Trust, the Liquidation Trust, or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes a failure to perform the duty to act in good faith and where such failure to perform constitutes willful misconduct, gross negligence, or fraud.

Pursuant to Article I of the Plan, Released Parties shall include each of: (a) the Debtors and their Affiliates, which include Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial

Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.; (b) the DIP Lender, Kimball Hill, Inc., each in their capacities as such; (c) the Prepetition Agent, Harris, N.A. and the Prepetition Lenders as of the Effective Date, each in their capacities as such; (d) the Creditors' Committee and the members thereof, which include US Bank, N.A., SMH Capital Advisors, Inc., California National Bank, Tower Crossing Homeowners' Association, Masco Corporation, and Builders Gypsum Supply Co., each in their capacities as such; (e) the Indenture Trustee, U.S. Bank, N.A.; (f) the Plan Administrator, which will be determined at a later date, in its capacity as such; (g) the Liquidation Trust Administrator, which will be determined at a later date, in its capacity as such; and (h) with respect to each of the foregoing Entities in clauses (a) through (g), such Entities' subsidiaries, Affiliates, officers, directors, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, and other Professionals, in each case in their capacities as such; provided that clause (h) shall not include officers, directors, or employees of the Debtors who were no longer acting in such capacity on the Petition Date. Clause (h) of the foregoing sentence includes, Akin Gump Strauss Hauer & Feld LLP, Alvarez & Marsal North America, LLC, Deloitte Tax LLP, FTI Consulting, Inc., Garden City Group, Inc., Gardere Wynne Sewell LLP, Houlihan Lokey Howard & Zukin Capital, Inc., Kirkland & Ellis LLP, Kurtzman Carson Consultants LLC, Macquarie Capital (USA) Inc., Mayer Brown LLP, and Neal, Gerber & Eisenberg, LLP.

Releases by Holders of Claims and Interests: Except as otherwise specifically provided in the Plan, on and after the Effective Date, Holders of Claims and Interests voting to accept the Plan and electing not to opt out of the release contained in this paragraph (which by definition, does not include Holders of Claims and Interests who are not entitled to vote in favor of or against the Plan), shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged the Debtors, the Post Consummation Trust, the Liquidation Trust, and the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims asserted on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Debtors' Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction,

agreement, event, or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Debtor or a Released Party that constitutes a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner the Debtor or the Released Party reasonably believed to be in the best interests of the Debtors (to the extent such duty is imposed by applicable non bankruptcy law) where such failure to perform constitutes willful misconduct, gross negligence, or fraud; provided that this release and discharge shall not apply to any distributions on account of Claims or Interests specifically contemplated in Article VII of the Plan.

Exculpation: Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any Claim, obligation, Cause of Action, or liability to one another or to any Exculpating Party for any Exculpated Claim, except for gross negligence, willful misconduct, or fraud, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors, and attorneys) have, and upon the Effective Date shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities pursuant to the Plan, and therefore are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

Pursuant to Article I of the Plan, the Exculpated Parties are the same as the Released Parties with the inclusion of any Disbursing Agents.

Injunction: Except as otherwise expressly provided in the Plan or for obligations issued pursuant to the Plan, all Entities who have held, hold, or may hold Claims or Interests that have been released pursuant to Article VIII.C or Article VIII.E, discharged pursuant to Article VIII.B, or are subject to exculpation pursuant to Article VIII.D are permanently enjoined, from and after the Effective Date, from: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Holder has filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication in a Proof of Claim or Interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan. Nothing in the Plan or Confirmation Order shall preclude any Entity from pursuing an action against one or more of the Debtors in a nominal capacity to recover insurance proceeds so long as the Plan Administrator or the Liquidation Trust Administrator, as applicable, and any

such Entity agree in writing that such Entity will: (a) waive all Claims against the Post-Consummation Trust, the Liquidation Trust, and the Estates related to such action and (b) enforce any judgment on account of such Claim solely against applicable insurance proceeds, if any.

Exhibit E-1

Non-Voting Status Notice - Deemed to Accept

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095 (Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby

NOTICE OF NON-VOTING STATUS WITH RESPECT TO (A) UNIMPAIRED CLASSES DEEMED TO ACCEPT THE PLAN AND (B) UNCLASSIFIED CLAIMS

PLEASE TAKE NOTICE that on January 21, 2009 the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court") entered the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order"). Pursuant to the Solicitation Procedures Order, a copy of which is provided with this notice (the "Notice"), the Bankruptcy Court approved, among other things, the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement") in support of the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"), as containing adequate information, as required under section 1125(a) of title 11 of the United States Code (the "Bankruptcy Code").[2]

Non-Voting Status Notice – Deemed to Accept. You are receiving this notice because, under Article II or III of the Plan, either: (a) the Debtors have classified your Claims against the

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[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Disclosure Statement or the Plan.

Debtors as Unimpaired and, therefore, in accordance with section 1126(f) of the Bankruptcy Code, you are (i) deemed to have accepted the Plan and (ii) not entitled to vote on the Plan; or (b) your Claims are unclassified pursuant to section 1123(a)(1) of the Bankruptcy Code and, therefore, you are not entitled to vote on the Plan.

Any objection to the Plan, including an objection regarding the classification of your Claim, must (a) be in writing; (b) conform to the Bankruptcy Rules and the Local Rules; (c) state the name and address of the objecting party and the amount and nature of the Claim or Interest; (d) state with particularity the basis and nature of any objection to the Plan; (e) propose a modification to the Plan that would resolve such objection (if applicable); and (f) be filed, contemporaneously with a proof of service, with the Court and served so that it is actually received no later than the Plan Objection Deadline by the following parties:

Counsel to the Debtors	*Office of the United States Trustee*
Kirkland & Ellis LLP Attn: Ray C. Schrock Lauren Hawkins Aon Center 200 East Randolph Drive Chicago, Illinois 60601	United States Trustee Attn: Kathryn M. Gleason Stephen G. Wolfe United States Courthouse 219 South Dearborn Street, Suite 873 Chicago, Illinois 60604
Co-Counsel to the Creditors' Committee	
Akin Gump Strauss Hauer & Feld LLP Attn: Philip C. Dublin 590 Madison Avenue New York, New York 10022	**Shaw Gussis Fishman Glantz Wolfson & Towbin LLC** Attn: Steven B. Towbin, Esq. 321 North Clark Street Chicago, Illinois 60610
Counsel to the Agent to the Prepetition Secured Lenders	
Mayer Brown LLP Attn: J. Robert Stoll, Esq. 71 South Wacker Drive Chicago, Illinois 60606	

Copies of the Disclosure Statement, the Plan, and the Solicitation Package. The Disclosure Statement, as approved by the Bankruptcy Court, the Plan, the exhibits to the Plan, the Solicitation Procedures, and all other materials in the Debtors' Solicitation Package (excluding Ballots) can be obtained (i) from the Debtors' Voting and Solicitation Agent (a) at its website at http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com or (ii) for a fee via PACER at http://ecf.ilnb.uscourts.gov/.

Confirmation Hearing. The Bankruptcy Court has set a hearing to confirm the Plan (the "Confirmation Hearing") to commence on March 9, 2009 at 2:00 p.m., prevailing Central Time, before the Honorable Susan Pierson Sonderby in Courtroom 642 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604. The Confirmation Hearing may be continued from time to time by announcing such continuance in open court or otherwise, without further notice.

IF YOU HAVE ANY QUESTIONS ABOUT THE STATUS OF YOUR CLAIM OR INTEREST, YOU SHOULD CONTACT THE VOTING AND SOLICITATION AGENT AT THE ADDRESS OR TELEPHONE NUMBER SET FORTH ABOVE.

Exhibit E-2

Non-Voting Status Notice - Deemed to Reject

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095 (Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby

NOTICE OF NON-VOTING STATUS WITH RESPECT TO IMPAIRED CLASSES DEEMED TO REJECT THE PLAN

PLEASE TAKE NOTICE that on January 21, 2009 the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court") entered the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order"). Pursuant to the Solicitation Procedures Order, a copy of which is provided with this notice (the "Notice"), the Bankruptcy Court approved, among other things, the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement") in support of the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"), as containing adequate information, as required under section 1125(a) of title 11 of the United States Code (the "Bankruptcy Code").[2]

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[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Disclosure Statement or the Plan.

Non-Voting Status Notice – Deemed to Reject. You are receiving this Notice because, under Article III of the Plan, you are not entitled to receive or retain any property of the Debtors on account of your Interest(s) in the Debtors and, therefore, in accordance with section 1126(g) of the Bankruptcy Code, you are (i) deemed to have rejected the Plan and (ii) not entitled to vote on the Plan.

Copies of the Disclosure Statement, the Plan, and the Solicitation Package. The Disclosure Statement, as approved by the Bankruptcy Court, the Plan, the exhibits to the Plan, the Solicitation Procedures, and all other materials in the Debtors' Solicitation Package (excluding Ballots) can be obtained (i) from the Debtors' Voting and Solicitation Agent (a) at its website at http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com or (ii) for a fee via PACER at http://ecf.ilnb.uscourts.gov/.

Confirmation Hearing. The Bankruptcy Court has set a hearing to confirm the Plan (the "Confirmation Hearing") to commence on March 9, 2009 at 2:00 p.m., prevailing Central Time, before the Honorable Susan Pierson Sonderby in Courtroom 642 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604. The Confirmation Hearing may be continued from time to time by announcing such continuance in open court or otherwise, without further notice.

IF YOU HAVE ANY QUESTIONS ABOUT THE STATUS OF YOUR CLAIM OR INTEREST, YOU SHOULD CONTACT THE VOTING AND SOLICITATION AGENT AT THE ADDRESS OR TELEPHONE NUMBER SET FORTH ABOVE.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095 (Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby

NOTICE TO PARTIES TO RETAINED CAUSES OF ACTION

PLEASE TAKE NOTICE that on January 21, 2009 the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court") entered the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order"). Pursuant to the Solicitation Procedures Order, a copy of which is provided with this notice (the "Notice"), the Bankruptcy Court approved, among other things, the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement") in support of the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"), as containing adequate information, as required under section 1125(a) of title 11 of the United States Code (the "Bankruptcy Code").[2]

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[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Disclosure Statement or the Plan.

Copies of the Disclosure Statement, the Plan, and the Solicitation Package. The Disclosure Statement, as approved by the Bankruptcy Court, the Plan, the exhibits to the Plan, the Solicitation Procedures, and all other materials in the Debtors' Solicitation Package (excluding Ballots) can be obtained (i) from the Debtors' Voting and Solicitation Agent (a) at its website at http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com or (ii) for a fee via PACER at http://ecf.ilnb.uscourts.gov/.

Confirmation Hearing. The Bankruptcy Court has set a hearing to confirm the Plan (the "Confirmation Hearing") to commence on March 9, 2009 at 2:00 p.m. prevailing Central Time, before the Honorable Susan Pierson Sonderby in Courtroom 642 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604. The Confirmation Hearing may be continued from time to time by announcing such continuance in open court or otherwise, without further notice.

Retained Causes of Action. In Article IV.J of the Plan, the Debtors expressly reserve any and all Causes of Action (as defined under Article I of the Plan) against the parties listed in the Plan Supplement and all other creditors or other entities not expressly waived, relinquished, released, compromised, or settled in the Plan or other order of the Bankruptcy Court. You are receiving this Notice because the Plan Supplement identifies you or one of your affiliated entities as a party or parties against whom the Debtors have or may have certain Claims or causes of action. Nothing herein precludes you from asserting any applicable affirmative defenses with respect to any claims or causes of Action the Debtors have or may have against you.

Exhibit F

Retained Causes of Action Notice

Exhibit G

Notice to Counterparties to Executory Contracts and Unexpired Leases

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095
	)	(Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby
	)	

NOTICE TO COUNTERPARTIES TO EXECUTORY CONTRACTS AND UNEXPIRED LEASES

PLEASE TAKE NOTICE that on January 21, 2009 the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court") entered the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order"). Pursuant to the Solicitation Procedures Order, a copy of which is provided with this notice (the "Notice"), the Bankruptcy Court approved, among other things, the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement") in support of the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"), as containing adequate information, as required under section 1125(a) of title 11 of the United States Code (the "Bankruptcy Code").[2]

Copies of the Disclosure Statement, the Plan, and the Solicitation Package. The Disclosure Statement, as approved by the Bankruptcy Court, the Plan, the exhibits to the Plan, the Solicitation Procedures, and all other materials in the Debtors' Solicitation Package (excluding Ballots)

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[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Disclosure Statement or the Plan.

can be obtained (i) from the Debtors' Voting and Solicitation Agent (a) at its website at http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com or (ii) for a fee via PACER at http://ecf.ilnb.uscourts.gov/.

Confirmation Hearing. The Bankruptcy Court has set a hearing to confirm the Plan (the "Confirmation Hearing") to commence on March 9, 2009 at 2:00 p.m., prevailing Central Time, before the Honorable Susan Pierson Sonderby in Courtroom 642 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604. The Confirmation Hearing may be continued from time to time by announcing such continuance in open court or otherwise, without further notice.

Notice to Counterparties to Executory Contracts and Unexpired Leases. You are receiving this notice because you or one of your affiliated entities may be a counterparty to an Executory Contract or Unexpired Lease with one or more of the Debtors.[3] Please be advised that your status as a counterparty to an Executory Contract and/or Unexpired Lease does not, in and of itself, entitle you to vote on the Plan.

Article V of the Plan provides for (a) the assumption of each of the Debtors' Executory Contracts and Unexpired Leases set forth on Exhibit B to the Plan and (b) the rejection of each of the Debtors' other Executory Contracts and Unexpired Leases, including those set forth on Exhibit C to the Plan.

These Exhibits will be filed and served on counterparties to executory contracts and unexpired leases no later than February 13, 2009. You may also obtain copies of each exhibit after February 13, 2009 from the Debtors' Voting and Solicitation Agent at the contact information above. The Debtors reserve the right to amend Exhibit B and Exhibit C to delete or add any Executory Contracts and Unexpired Leases at any time prior to the effective date of the plan. Notice of any such amendment shall be given to the affected counterparty to such Executory Contract or Unexpired Lease.

If the Executory Contract and/or Unexpired Lease to which you are a counterparty is assumed, you may be entitled to assert a cure amount for unpaid monetary obligations under such contract or lease. A counterparty to such contract or lease may object to the assumption, including the proposed cure amount (if any), by filing an objection. Any objection to the Plan must (a) be in writing; (b) conform to the Bankruptcy Rules and the Local Rules; (c) state the name and address of the objecting party and the amount and nature of the Claim or Interest; (d) state with particularity the basis and nature of any objection to the Plan; (e) propose a modification to the Plan that would resolve such objection (if applicable); and (f) be filed, contemporaneously with a proof of service, with the Court and served so that it is actually received no later than the Plan Objection Deadline, February 27, 2009 by the following parties:

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[3] This Notice is being sent to counterparties to Executory Contracts and Unexpired Leases. This Notice is not an admission by the Debtors that such contract or lease is executory or unexpired.

Counsel to the Debtors	*Office of the United States Trustee for the Northern District of Illinois*
Kirkland & Ellis LLP Attn: Ray C. Schrock Lauren Hawkins Aon Center 200 East Randolph Drive Chicago, Illinois 60601	United States Trustee Attn: Kathryn M. Gleason Stephen G. Wolfe United States Courthouse 219 South Dearborn Street, Suite. 873 Chicago, Illinois 60604
Co-Counsel to the Creditors' Committee	
Akin Gump Strauss Hauer & Feld LLP Attn: Philip C. Dublin 590 Madison Avenue New York, New York 10022	**Shaw Gussis Fishman Glantz Wolfson & Towbin LLC** Attn: Steven B. Towbin, Esq. 321 North Clark Street Chicago, Illinois 60610
Counsel to the Agent to the Prepetition Secured Lenders	
Mayer Brown LLP Attn: J. Robert Stoll, Esq. 71 South Wacker Drive Chicago, Illinois 60606	

If the Executory Contract or Unexpired Lease to which you are a counterparty is rejected, you may be entitled to an unsecured claim for which a proof of claim must be filed. Any counterparty seeking to assert a claim for rejection damages must file proofs of claim within thirty (30) days after the Effective Date of the Plan or as otherwise ordered by the Bankruptcy Court (the "Rejection Claim Bar Date"). For any proof of claim to be validly and properly filed, a signed original of the completed proof of claim form, together with accompanying documentation, must be delivered to the Debtors' Voting and Securities Agent at the address set forth above by the Rejection Claim Bar Date.

Exhibit H

Disputed Claim Notice

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
	)	
KIMBALL HILL, INC., *et al.*,[1]	)	Case No. 08-10095
	)	(Jointly Administered)
	)	
Debtors.	)	Hon. Susan Pierson Sonderby
	)	

NOTICE OF NON-VOTING STATUS WITH RESPECT TO DISPUTED CLAIMS

PLEASE TAKE NOTICE that on January 21, 2009 the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court") entered the *Order Approving the Debtors' Disclosure Statement and Granting Related Relief* (the "Solicitation Procedures Order"). Pursuant to the Solicitation Procedures Order, a copy of which is provided with this notice (the "Notice"), the Bankruptcy Court approved, among other things, the *Disclosure Statement for the Debtors' Joint Plan Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Disclosure Statement") in support of the *Joint Plan of Kimball Hill, Inc. and its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code* (as amended from time to time and including all exhibits and supplements, the "Plan"), as containing adequate information, as required under section 1125(a) of title 11 of the United States Code (the "Bankruptcy Code").[2]

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[1] The Debtors in these cases include: Kimball Hill, Inc.; 18th and Peoria, LLC; KH Financial Holding Company; KH Ingham Park South, LLC; KHH Texas Trading Company L.P.; Kimball Hill Far East Detroit, LLC; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Florida, Inc.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; Kimball Hill Homes Nevada, Inc.; Kimball Hill Homes Ohio, Inc.; Kimball Hill Homes Oregon, Inc.; Kimball Hill Homes Realty Florida, Inc.; Kimball Hill Homes San Antonio, L.P.; Kimball Hill Homes Texas Investments, L.L.C.; Kimball Hill Homes Texas Operations, L.L.C.; Kimball Hill Homes Texas, Inc.; Kimball Hill Homes Washington, Inc.; Kimball Hill Homes Wisconsin, Inc.; Kimball Hill Stateway, Inc.; Kimball Hill Texas Investment Company, L.L.C.; Kimball Hill Urban Centers Chicago One, L.L.C.; Kimball Hill Urban Centers Chicago Two, L.L.C.; Kimball Hill Urban Centers Special Purposes, LLC; Kimball Hill Urban Centers, L.L.C.; National Credit and Guaranty Corporation; and The Hamilton Place Partnership.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Disclosure Statement or the Plan.

Copies of the Disclosure Statement, the Plan, and the Solicitation Package. The Disclosure Statement, as approved by the Bankruptcy Court, the Plan, the exhibits to the Plan, the Solicitation Procedures, and all other materials in the Debtors' Solicitation Package (excluding Ballots) can be obtained (i) from the Debtors' Voting and Solicitation Agent (a) at its website at http://www.kccllc.net/kimballhill, (b) by writing to Kimball Hill, Inc., c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245, (c) by calling (877) 631-3923, or (d) by emailing kimballhillinfo@kccllc.com or (ii) for a fee via PACER at http://ecf.ilnb.uscourts.gov/.

Confirmation Hearing. The Bankruptcy Court has set a hearing to confirm the Plan (the "Confirmation Hearing") to commence on March 9, 2009 at 2:00 p.m., prevailing Central Time, before the Honorable Susan Pierson Sonderby in Courtroom 642 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604. The Confirmation Hearing may be continued from time to time by announcing such continuance in open court or otherwise, without further notice.

Disputed Claims Notice. You are receiving this notice because, as of the Record Date, you are the Holder of a Claim that is subject to a pending objection by the Debtors. Accordingly, you are not entitled to vote on the Plan unless, prior to the Voting Deadline, February 27, 2009 at 5:00 p.m., prevailing Pacific Time: (a) an order is entered by the Bankruptcy Court, after notice and a hearing, temporarily allowing your Claim for voting purposes only pursuant to Bankruptcy Rule 3018(a); (b) a stipulation or other agreement is executed between you and the Debtors temporarily allowing you to vote your Claim in an agreed upon amount; or (c) the pending objection to your Claim is voluntarily withdrawn by the Debtors or overruled by the Bankruptcy Court (each, a "Resolution Event").

If a Resolution Event occurs, the Voting and Solicitation Agent will distribute a Ballot and a pre-addressed, postage pre-paid envelope to you no later than two (2) business days thereafter. To vote your Claim, you must return such Ballot to the Solicitation Agent by no later than the Voting Deadline.

IF YOU HAVE ANY QUESTIONS ABOUT THE STATUS OF YOUR CLAIM OR INTEREST, YOU SHOULD CONTACT THE VOTING AND SOLICITATION AGENT AT THE ADDRESS OR TELEPHONE NUMBER SET FORTH ABOVE.