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March 18, 2009

VIA FEDERAL EXPRESS

Re: *In re Kimball Hill, Inc., et al., Chapter 11 Case No. 08-10095 (SPS)*

To Kimball Hill Title Companies:

We are the attorneys for Kimball Hill, Inc. and certain of its direct and indirect subsidiaries (collectively, the "Debtors"), each of which commenced a case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of Illinois (the "Bankruptcy Court") on April 23, 2008. The Debtors' chapter 11 cases are being jointly administered under case number 08-10095.

On or about March 12, 2009, the Bankruptcy Court entered an order [Docket No. 1118] (the "Confirmation Order") confirming the Joint Plan of Kimball Hill, Inc. and Its Debtor Subsidiaries Pursuant to Chapter 11 of the United States Bankruptcy Code [Docket No. 1075] (the "Plan"). The Confirmation Order is final and nonappealable.

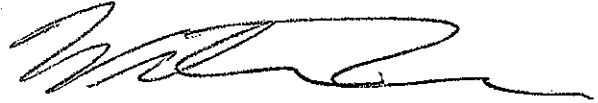
Pursuant to paragraph 59 of the Confirmation Order, and except as otherwise provided in the Plan, on the effective date of the Plan (the "Effective Date"), title to all of the Debtors' assets shall pass to the Post-Consummation Trust or the Liquidation Trust (each as defined in Articles X and XI of the Plan, respectively), as applicable, free and clear of all liens. Title agents and title insurance underwriters may rely upon the filing of a copy of the Confirmation Order in each county where the Debtors, the Post-Consummation Trust, or the Liquidation Trust are selling land or residential homes to issue their title policies on properties located within each such county without exception to prepetition lien claims, whether asserted or unasserted, known or unknown. The Debtors expect the Effective Date to occur on or around March 23, 2009.

The Debtors crafted the language of paragraph 59 of the Confirmation Order in consultation with their primary title insurer, Stewart Title Guaranty Company, and believe that such language will meet the needs of all its title insurers after the Effective Date. In particular, the Debtors want to reassure you that: (1) on the Effective Date, title to all assets will be transferred from the Debtors to the Post-Consummation Trust and the Liquidation Trust, as applicable, free and clear of all liens; (2) the Post-Consummation Trust and the Liquidation Trust, as applicable, will convey title to third parties as land or residential homes are sold; (3) the Post-Consummation Trust and the Liquidation Trust, as applicable, will continue to furnish customary proof of payment of bills and labor or material; and (4) all taxes will be paid by the

Post-Consummation Trust and the Liquidation Trust, as applicable, pursuant to the normal closing process. Enclosed is a certified copy of the Confirmation Order for you to record in the counties where land or residential homes will be sold after the Effective Date in the same way as prior orders of the Bankruptcy Court were recorded earlier in the Debtors' chapter 11 cases.

Please call me at 312-469-7178 or email me at wtsu@kirkland.com if you have any questions.

Regards,

A handwritten signature in black ink, appearing to read 'Wilson Tsu', with a long horizontal flourish extending to the right.

Wilson Tsu

Enclosure: Certified copy of the Confirmation Order

cc: Ann Hamilton (by email)
Catherine Peshkin (by email)