

Annex A

BENEFICIAL INTEREST TRANSFER AGREEMENT

TRANSFER AND ACCEPTANCE AGREEMENT

TRANSFER AND ACCEPTANCE AGREEMENT, dated as of _____, 200__ (this "Agreement"), by and between the party identified as the Transferor on the signature page hereto (the "Transferor"), and the party identified as the Transferee on the signature page hereto (the "Transferee"), and consented to by the KHI Post-Consummation Trust (the "Trust"). Reference is made to the KHI Post-Consummation Trust Agreement, dated as of _____, 2009 (as from time to time amended and in effect with respect to the Post-Consummation Trust, the "Trust Agreement"), by and among: (i) Kimball Hill, Inc., as a debtor and a debtor in possession and its subsidiaries party thereto, each as a debtor and a debtor in possession (collectively, the "Debtors"); and (ii) [____], as Plan Administrator (in such capacity, the "Plan Administrator"). Initially capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Trust Agreement.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Transferor and Transferee hereby agree as follows:

I. TRANSFER; ASSIGNMENT. Subject to the terms and conditions of this Agreement (including, without limitation, Section 5 below), the Transferor hereby transfers and assigns to the Transferee, and the Transferee hereby purchases and assumes without recourse to the Transferor, the right, title, interest, and obligations of the Transferor under the Trust Agreement and with respect to the Trust, but only to the extent that such right, title, interest, and obligations relate to the Beneficial Interest described on Annex A hereto (the "Transferred Interest").

II. TRANSFEROR'S REPRESENTATIONS. The Transferor represents and warrants to the Plan Administrator and the Transferee, as of the date of this Agreement and the "Effective Transfer Date" specified in the signature area of this Agreement (the "Effective Transfer Date"), that: (i) the Transferor is duly created under the laws of its state of formation, and has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; this Agreement has been duly approved by all necessary action, has been duly executed by the Transferor, and constitutes the valid and binding agreement of the Transferor, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors rights generally; and the execution, delivery and performance of this Agreement by the Transferor does not violate or conflict with any applicable law, rule or regulation or violate, conflict with or cause a default under any court order, administrative ruling or decree or any agreement, contract, indenture or other binding arrangement to which the Transferor is a party or any of its property is subject; and (ii) the transfer and assignment evidenced by this Agreement complies with the requirements of the Trust Agreement (including, without limitation, Section 2.5 of the Trust Agreement). Transferor makes no representation or warranty, express or implied, and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Trust Agreement or the execution, legality, validity, enforceability, genuineness or sufficiency of the Trust Agreement or any other instrument or document furnished pursuant thereto or value of a Transferred Interest; provided, however, that, notwithstanding the foregoing, Transferor represents and warrants to the Plan Administrator and the Transferee, as of the date of this Agreement and the Effective Transfer Date, that Transferor is the legal and beneficial owner of the Transferred Interest free and clear

of any claim or encumbrance whatsoever. The Transferor requests that the Plan Administrator update its books and records as of the Effective Transfer Date to indicate that the Transferee is the record owner of the Transferred Interest.

III. TRANSFEEE'S REPRESENTATIONS. The Transferee represents and warrants to the Plan Administrator and the Transferor, as of the date of this Agreement and the Effective Transfer Date, that: (i) the Transferee is duly created under the laws of its state of formation, and has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (ii) this Agreement has been duly approved by all necessary action, has been duly executed by the Transferee and constitutes the valid and binding agreement of the Transferee, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors rights generally; (iii) the execution, delivery and performance of this Agreement by the Transferee does not violate or conflict with any applicable law, rule or regulation or violate, conflict with or cause a default under any court order, administrative ruling, or decree, or any agreement, contract, indenture or other binding arrangement to which the Transferee is a party or any of its property is subject; (iv) the transfer and assignment evidenced by this Agreement complies with the requirements of the Trust Agreement (including, without limitation, Section 2.5 of the Trust Agreement); (v) the Transferee has received a copy of the Trust Agreement and such other documents and information as it has deemed appropriate to make its own analysis and decision to enter into this Agreement, and Transferee has made such analysis and decision independently and without reliance on the Transferor or the Plan Administrator; and (vi) the true and correct name, address, telephone number, telecopier number and bank account information of Transferee are set forth on the signature page hereto. Transferee agrees that it will, independently and without reliance upon the Transferor or the Plan Administrator and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Trust Agreement or with respect to the Trust.

IV. BACKUP DOCUMENTATION.

- (a) Attached as Annex B hereto are the legal opinions, certificates, and other documents that the Plan Administrator, pursuant to Section 2.5 of the Trust Agreement, in its reasonable discretion, deems necessary or appropriate in connection with the transactions contemplated by this Agreement (including, without limitation, the transfer of the Transferred Interest) (collectively, the "Backup Documentation"). Such Backup Documentation consists of the following legal opinions, certificates and other documents:
- (i) a legal opinion to the effect that it is not necessary in connection with the transactions contemplated by this Agreement (including, without limitation, the transfer of the Transferred Interest) to register the Transferred Interest under the Securities Act of 1933, as amended;
 - (ii) a "Blue Sky Memorandum" regarding any and all state securities laws applicable to the transactions contemplated by this Agreement (including, without limitation, the transfer of the Transferred Interest); and

- (iii) such other legal opinions, certificates and other documents as the Plan Administrator, in its reasonable discretion, may deem necessary or appropriate;

in each case, in form and substance reasonably satisfactory to the Plan Administrator.

- (b) In accordance with Section 2.5 of the Trust Agreement, Transferor and Transferee have provided the Backup Documentation to the Plan Administrator at least five (5) days prior to the Effective Transfer Date.

V. EFFECTIVE TRANSFER DATE. Notwithstanding anything to the contrary in this Agreement, this Agreement, and the transfer and assignment evidenced by this Agreement, will not be effective unless and until the Effective Transfer Date has occurred. The Effective Transfer Date shall be the date on which the Plan Administrator has consented to this Agreement by duly authorizing and executing this Agreement, as such Effective Transfer Date is indicated in the signature area of this Agreement.

VI. RIGHTS UNDER TRUST AGREEMENT. From and after the Effective Transfer Date: (i) the Transferee shall, to the extent of the Transferred Interest, be a beneficiary with respect to the Trust and the Trust Agreement and, to the extent provided in this Agreement, have the rights and obligations of a beneficiary with respect thereto and thereunder; and (ii) the Transferor shall, with respect to the Transferred Interest, relinquish its right, title and interest and be released from its obligations under the Trust Agreement and with respect to the Trust.

VII. PAYMENTS. With respect to any and all distributions made by the Plan Administrator with respect to the Trust that have a "record date" on or after the Effective Transfer Date, the Plan Administrator will pay such distributions with respect to the Transferred Interest to the Transferee. The Transferor and the Transferee shall make any appropriate adjustments directly between themselves for any consideration paid or payable in connection with this Agreement.

VIII. EXPENSES. Transferor ratifies and confirms its obligations to pay to the Trust the assignment fee required by Section 2.5(e) of the Trust.

IX. FURTHER ASSURANCES. The Transferor and the Transferee agree that they will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Plan Administrator for the carrying out or performing of the provisions of this Agreement.

X. SUCCESSORS AND ASSIGNS. Subject to Section 2.5 of the Trust Agreement, this Agreement shall inure to the benefit of and shall be binding upon all of the parties to this Agreement and their respective successors and assigns.

XI. HEADINGS. All Section headings in this Agreement are included for convenience only and do not constitute a part of this Agreement.

XII. GOVERNING LAW. THIS AGREEMENT IS TO BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS (WITHOUT REFERENCE TO CONFLICT OF LAWS).

XIII. COUNTERPARTS. This Agreement may be executed in any number of counterparts which shall together constitute but one and the same agreement. Any signature page to this Agreement transmitted by fax or as an attachment to an email will have the same legal effect as an original executed signature page.

XIV. TRANSFeree'S ACKNOWLEDGMENT. The Transferee acknowledges and agrees that it has made its own evaluation of the Transferred Interest(s) and has not relied upon any oral or written statement by the Plan Administrator or any of the professionals or agents of the Plan Administrator as to matters that could affect the value of the Transferred Interest(s), the value of any of the Post-Consummation Trust Assets or the claims or objections to claims being pursued or prosecuted by the Plan Administrator or the Trust.

*** Remainder of Page Blank — Signature Page Follows ***

IN WITNESS WHEREOF, intending to be legally bound, each of the undersigned has caused this Agreement to be executed on its behalf by its officer thereunto duly authorized, as of the date first above written.

TRANSFEROR:

TRANSFeree:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Transferor Information

Transferee Information

Address: _____

Address: _____

Contact: _____
Telephone: _____
Telecopier: _____

Contact: _____
Telephone: _____
Telecopier: _____
ABA#: _____
Bank Name: _____
Account No. _____

CONSENTED TO AS OF _____, 200__ (the "Effective Transfer Date"):

PLAN ADMINISTRATOR:

U.S. Bank National Association, as Plan Administrator

By: _____
[Name], [Title]

ANNEX A TO BENEFICIAL INTEREST TRANSFER AGREEMENT

Description of Transferred Interest

| <i>Complete each row, even if amounts are zero</i> | | |
|--|--|------------------|
| <i>(A)</i> | <i>(B)</i> | <i>(A) + (B)</i> |
| <i>Principal Amount</i> | <i>Accrued Interest (thru. [])</i> | <i>Total</i> |
| | | |

ANNEX B TO BENEFICIAL INTEREST TRANSFER AGREEMENT

Backup Documentation

[Intentionally Omitted]

Annex B

U.S. Bank Corporate Trust Services Fee Schedule



Corporate Trust Services Fee Schedule

Description: Liquidating Trustee - Kimball Hill Post Consummation Trust

Dated: March 2, 2009

Schedule Detail

ACCEPTANCE FEE (One-Time Fee) \$5,000.00

Covers review, consideration, establishment and acceptance of the trust and relevant documents. Legal expense for review of trust billed at cost.

ANNUAL ADMINISTRATION FEE \$13,000.00

Covers the normal administration of the trust accounts, including the maintenance of proper records and performance of the duties and functions required under the terms and provisions of the trust documents. Billed annually in advance. Includes 1 distribution per quarter for up to 25 claimants/payees.

TRANSACTIONAL FEES

Distribution processing fee (per distribution/per beneficiary or claimant in excess of 25) \$10.00

OTHER FEES

Administrative Time - current administrative time billing rate = \$405.00

Administrative time charges will be billed at the above stated hourly rate.

Charges for administrative time include, but are not limited to, the following:

- Communications; written, verbal, internal, external, etc.,
- Review of court filings, proceedings, documents, cash flows, reporting, etc.,
- Research of trust files, documents, records, cash flows, reports, etc.,
- Processing inquiries from beneficiaries, claimants, debtors, legal counsel, etc.,
- Attendance at meetings, hearings, conference calls, etc.,
- Cash flow and reporting requirements; internal and external, etc., and
- Establishment of necessary records and account controls (internal and external).

Direct Out of Pocket Expenses -

Reimbursement of direct expenses associated with the performance of our duties including, but not limited to, publications, legal and travel expenses, filing fees, and tax preparation/reporting.

billed at cost

Other Services -

Charges for duties or responsibilities of an unusual nature or not contemplated at the time of entering into this agreement; a reasonable charge agreed upon by the parties will be made based upon the nature of the service and the responsibility involved and these charges will be billed as a flat fee or at our hourly rate then in effect, at our option.

varies

Fee Schedule
continued...

Kimball Hill Liquidating Trust

Termination Fee -

\$7,500.00

- * Final account acceptance is subject to review of documents. Fees are based on our understanding of the transaction and are subject to revision if the structure is changed.*
- * Our fees and charges are subject to adjustment by U.S. Bank Corporate Trust Services from time to time, upon written notification.*
- * The fees in this schedule are the terms under which you agree to do business. Closing the transaction constitutes agreement to this fee schedule, as does payment of the invoice.*
- * Our fee does not include charges for investment services outside of Trustee's money market funds.*
- * Acceptance Fee and Annual Administration Fee are due at time of closing.*
- * All fees are nonrefundable and will not be prorated in the event of an early termination of the Trust.*
- * Fees are based upon all funds being deposited in Trustee's proprietary investment vehicles*