

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:

KIMBALL HILL, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 08-10095
(Jointly Administered)

Hon. Susan Pierson Sonderby

**ORDER APPROVING AMENDED NOTICE, CASE MANAGEMENT AND
ADMINISTRATIVE PROCEDURES**

Upon the motion (the "Motion") of the KHI Post-Consummation Trust and the KHI Liquidation Trust (collectively, the "KHI Trusts"), as successors to Kimball Hill, Inc. and its debtor subsidiaries (collectively, the "Debtors"), for the entry of an order approving amended notice, case management and administrative procedures for the above-captioned jointly administered chapter 11 cases; the Court having jurisdiction over the matters raised in the Motion pursuant to 28 U.S.C. §§ 157 and 1334; consideration of this Motion and the relief requested herein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; it appearing that notice of the Motion was sufficient and proper under the circumstances and that no other or further notice need be given; and it appearing that the relief requested is in the best interests of the Debtors' estates, all creditors and other parties in interest; and after due deliberation and sufficient cause appearing therefor, it is **ORDERED** that:

¹ The Debtors in these cases include: Kimball Hill, Inc.; KHI Financial Holding Company; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, L.L.C.; 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 Texas Investment Company, L.L.C. and The Hamilton Place Partnership.



1. The Amended Notice, Case Management, and Administrative Procedures annexed hereto as Exhibit 1 (the "Amended Case Management Procedures") are approved and shall govern all applicable aspects of these jointly administered chapter 11 cases.

2. The KHI Trusts are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

3. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: 4, 19, 10


United States Bankruptcy Judge

EXHIBIT 1

Amended Case Management Procedures

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:

KIMBALL HILL, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 08-10095
(Jointly Administered)

Hon. Susan Picerson Sonderby

**AMENDED NOTICE, CASE MANAGEMENT, AND
ADMINISTRATIVE PROCEDURES**

These amended notice, case management, and administrative procedures (the “Amended Case Management Procedures”) have been approved by the United States Bankruptcy Court for the Northern District of Illinois (the “Court”) for the above-captioned jointly administered chapter 11 cases (the “Cases”) of Kimball Hill, Inc. and its debtor subsidiaries (collectively, the “Debtors”).

On March 12, 2009, the Court entered an order (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 (the “Plan”) [Docket No. 1118]. The Plan became effective on March 24, 2009 (the “Effective Date”). Pursuant to the Confirmation Order, the KHI Post-Consummation Trust and the KHI Liquidation Trust (collectively, the “KHI Trusts”) were created in accordance with the Plan and the respective trust agreements and, as of the Effective Date, all of the Debtors’ assets were transferred to the KHI Trusts. Under the Confirmation

¹ The Debtors in these cases include: Kimball Hill, Inc.; KH Financial Holding Company; Kimball Hill Homes Austin, L.P.; Kimball Hill Homes California, Inc.; Kimball Hill Homes Dallas, L.P.; Kimball Hill Homes Houston, L.P.; Kimball Hill Homes Illinois, LLC; 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 Texas Investment Company, L.L.C. and The Hamilton Place Partnership.

Order and the Plan, all aspects of the Cases that are still pending, including administration of matters related to the Debtors, resolution of claims asserted against the Debtors and prosecution of certain causes of action, are to be completed by the Plan Administrator and the Liquidation Trust Administrator for the KHI Trusts. The KHI Trusts are represented by the law firm of Shaw Gussis Fishman Glantz Wolfson & Towbin LLC. All notices to the KHI Trusts should be directed as follows:

Mark L. Radtke, Esq.
Gordon E. Gouveia, Esq.
Shaw Gussis Fishman Glantz Wolfson & Towbin LLC
321 N. Clark St., Ste. 800
Chicago, IL 60654
Facsimile: (312) 980-3888
mradtke@shawgussis.com
ggouveia@shawgussis.com

On April 13, 2010, the Court entered an order (the "Order") approving the Amended Case Management Procedures. Anyone may obtain a copy of the Order, as well as any document filed with the Court in these chapter 11 cases, by (a) accessing the website maintained by Kurtzman Carson Consultants LLC ("KCC"), the Debtors' notice, claims, and balloting agent, at www.kccllc.net/kimballhill (the "Case Website"); (b) contacting KCC directly at 2335 Alaska Avenue, El Segundo, California 90245, telephone (888) 647-1744, or facsimile (310) 823-9133; or (c) accessing PACER on the Court's website at <https://ecf.ilnb.uscourts.gov> for a fee. Finally, paper copies of all pleadings filed in the Debtors' chapter 11 cases may be available from the Court.

A. Omnibus Hearing Dates

1. All Matters to Be Heard at Omnibus Hearings. The Court will schedule periodic omnibus hearings to consider all motions, pleadings, applications, objections and responses

thereto, and other requests for relief (the "Omnibus Hearings"). Until the Court orders otherwise, no telephonic participation shall be permitted at hearings.

2. Setting Omnibus Hearings.

- a. Ordinary Scheduling Procedures. Notwithstanding Rule 9013-1 of the Local Rules for the United States Bankruptcy Court for the Northern District of Illinois (the "Local Rules"), absent a request for an emergency hearing, parties may only schedule motions and other pleadings for hearing at an Omnibus Hearing scheduled to occur at least 14 calendar days after service of the notice of motion.
- b. Emergency Scheduling Procedures. Notwithstanding the Ordinary Scheduling Procedures, any party may request an emergency hearing pursuant to the Local Rules.
- c. Initial Omnibus Hearings. The next three Omnibus Hearings shall be held on the following dates and times:
 - i. 2:00 p.m. on the 8th day of June 2010
 - ii. 2:00 p.m. on the 20th day of July 2010
 - iii. 2:00 p.m. on the 10th day of August 2010

3. Subsequent Omnibus Hearings. The Court shall schedule subsequent Omnibus Hearings at a later date, and KCC shall post all Omnibus Hearing dates on the Case Website. Parties may contact KCC for information concerning all scheduled Omnibus Hearings.

4. Proposed Omnibus Hearing Agenda. The KHI Trusts shall prepare Omnibus Hearing agendas in accordance with the following:

- a. Seven calendar days prior to each Omnibus Hearing, the KHI Trusts will submit to the Court by email or other acceptable delivery a draft proposed agenda regarding the matters expected to be heard on such Omnibus Hearing (the "Draft Hearing Agenda"). Two (2) calendar days prior to each Omnibus Hearing, the KHI Trusts' counsel shall file a proposed agenda with regard to the matters that are scheduled to be heard on such Omnibus Hearing (the "Proposed Hearing Agenda"). The Draft Hearing Agenda and the Proposed Hearing Agenda are for the convenience of the Court and counsel and are not determinative of the matters to be heard on that day or whether there will be a settlement, continuance or other disposition. The KHI Trusts also will submit to the Court via email or

other acceptable delivery an updated Proposed Hearing Agenda, if necessary, the day before the Omnibus Hearing.

- b. The Proposed Hearing Agenda will include, to the extent known by the KHI Trusts' counsel: (i) the docket number and title of each matter to be scheduled for hearing on such Omnibus Hearing, including the initial filing and any responses, replies or documents related thereto; (ii) notice of whether the matters are contested or uncontested; (iii) notice of whether the matters have settled or are proposed to be continued; (iv) other comments that will assist the Court; and (v) a suggested order in which the matters should be addressed.

B. Filing and Notice Procedures; Deadlines for the Filing of Responsive Pleadings

5. Procedures Established for Notices. All notices, motions, applications and other requests for relief, all briefs, memoranda, affidavits, declarations, replies, and other documents filed in support of such papers seeking relief (collectively, "Requests for Relief") and all objections and responses to such Requests for Relief (collectively, the "Objections," and together with the Requests for Relief and all other filed documents, the "Court Filings") shall be filed with the Court or other applicable court and served in accordance with the notice procedures set forth herein (the "Notice Procedures").

6. Definition of Entities Entitled to Service. Except as otherwise provided in these Notice Procedures, all Court Filings shall be served on the Master Service List and Affected Entities (each as defined herein and collectively, the "Service List") in accordance with the Federal Rules of Bankruptcy Procedure.

- a. Master Service List. KCC shall maintain a master service list (the "Master Service List"), which shall be updated regularly. Parties may be added to the Master Service List pursuant to the procedures outlined in paragraphs 7 and 8 below. Any updates to the Master Service List will be available: (a) on the Case Website; (b) from KCC; or (c) from the KHI Trusts' counsel. The Master Service List shall include:
 - i. The Office of the United States Trustee for the Northern District of Illinois;
 - ii. The KHI Trusts and their counsel;

- iii. The Internal Revenue Service; and
- iv. All entities that have been added to the Master Service List, all entities that were included on the 2002 List under the original case management order, and all entities that file requests for notice in accordance with paragraphs 7 and 8 below.

b. Affected Entities - This group shall be comprised of all entities with a particularized interest in the subject matter of the particular court filing in the Cases or related adversary proceedings (each, an "Affected Entity").

7. Filing Requests for Documents Requires Email Address - A request for service of papers pursuant to Bankruptcy Rules 2002 and Local Rule 2002-2 (each, a "Notice Request") filed with the Court shall be deemed proper *if and only if* it includes the following information with request to the party filing such request: (a) name; (b) street address; (c) name of client(s), if applicable; (d) telephone number; (e) facsimile number; and (f) electronic mail (or "email") address. Notwithstanding the application of Local Rule 2090-5, all local counsel must comply with this provision in order to receive service of papers. It is the responsibility of each individual or entity submitting a Notice Request to file with the Court an updated Notice Request as necessary to reflect changes to any information, including email address and contact person, and serve a copy of such request upon the KHI Trusts and their counsel.

8. Certification Opting Out of Email Service - Any individual or entity filing a Notice Request who does not maintain (and cannot practicably obtain) an email address and thereafter cannot receive service by email must include in the Notice Request a certification to that effect (the "Certification"). The Certification shall include a statement certifying that the individual or entity (a) does not maintain an email address, and (b) cannot practicably obtain an email address at which the individual or entity could receive service by email.

9. Certificates of Service. Certificates of service of all Court Filings, including a Service List, shall be filed with the Court; *provided* that parties shall not be required to include

the Service List when serving the certificate of service to such recipients. Parties shall be required to include a separate certificate of service for each Court Filing.

10. Service in Adversary Proceedings. All pleadings and other Court Filings in any adversary proceeding commenced in these chapter 11 cases shall be served upon the Affected Entities in such adversary proceedings, need not be served on the Master Service List, and shall otherwise be governed by the Federal Rules of Bankruptcy Procedure and any court-approved procedures specifically relating to adversary proceedings.

11. Service of Orders. In accordance with Local Rule 9013-7, entities drafting orders that are entered by the Court are required to serve copies of such order upon receipt thereof. All parties submitting orders shall serve a conformed copy of any entered order on (i) each Affected Entity, (ii) KCC, and (iii) counsel to the KHI Trusts (collectively, the "Order Parties") within three (3) calendar days of entry of the order. If the Court enters the draft order appended to the motion without modification, and the draft order has been previously served on the Order Parties, the order need not be re-served unless the Court directs otherwise. KCC shall post all orders on the Case Website.

12. Filing and Service of Objections, Replies and Other Responsive Pleadings.

- a. Deadline for Objections. The deadline to file Objections to Requests for Relief (the "Objection Deadline") shall be (i) in the case of Requests for Relief filed three or more weeks in advance of a hearing, 4:00 p.m. (prevailing Central Time) on the seventh calendar day before the applicable hearing, (ii) in the case of Requests for Relief filed less than three weeks in advance of a hearing, 4:00 p.m. (prevailing Central Time) on the fifth calendar day before the applicable hearing, or (iii) in either case, otherwise as ordered by the Court. For motions that are set for hearing on an expedited basis and less than ten (10) calendar days after the request for relief is filed, the Objection Deadline shall be 12:00 p.m. (prevailing Central Time) on the day preceding the hearing date. Failure to file objections by the Objection Deadline may cause the Court to not consider the objection. Courtesy copies of Objections to Requests for Relief shall be provided to the Court within one (1) business day of filing,

except for Objections to motions set for hearing on an expedited basis, which shall be provided to the Court on the date of filing.

- b. Extension of Objection Deadline. The Objection Deadline may be extended with the consent of the entity filing the Request for Relief to a date that is no later than one (1) calendar day before the applicable hearing. The KHI Trusts will update the Court on a regular basis after the expiration of a given Objection Deadline regarding changes to the status of such Objection Deadline, changes to matters scheduled for the next omnibus hearing, and, if applicable, whether matters scheduled for the next omnibus hearing remain contested.
- c. Service of Objections. All objections shall be filed with the Court and served by the applicable Objection Deadline upon the entity filing the Request for Relief, those entities on the Master Service List, and each Affected Entity, with such Affected Entities to be determined based on the particular Court Filing being served; *provided* that if the Objection Deadline is after the date that is five (5) calendar days before the applicable hearing, then objections shall also be served by e-mail, facsimile, hand delivery, or overnight mail upon counsel for the KHI Trusts, the entity filing the request for relief, and each Affected Entity.
- d. Service of Replies to Objections. If a Court Filing is a reply to an Objection, such reply shall be filed with the Court and served so as to actually be received by counsel for the KHI Trusts, all objecting parties, and each Affected Entity, in all cases by 12:00 p.m. (prevailing Central Time) at least one (1) business day before the applicable hearing date; *provided* that in the event that a Court Filing is the KHI Trusts' omnibus reply to multiple Objections (the "Omnibus Reply"), such Omnibus Reply shall be filed and served on the party filing the Objection and each Affected Party by 12:00 p.m. (prevailing Central Time) on the day preceding the applicable hearing date. Courtesy copies of replies to Objections shall be provided to the Court on the date of filing.

13. Right to Request Special Notice Procedures. Nothing herein shall prejudice the right (a) of any entity to move the Court to further limit or expand notice of contested matters and adversary proceedings upon a showing of good cause, including without limitation the right to file a motion seeking emergency *ex parte* relief or relief upon shortened notice, or (b) of any entity to request an enlargement or reduction of any time period under Bankruptcy Rule 9006(b) or (c). Nothing herein will relieve any party from complying with the Court's Standing Order No. 4 requiring a Rule 9011 Certification Regarding Request for Emergency Hearing.

C. Service by Electronic Mail

14. Service by Electronic Mail. All Court Filings, other than service of a summons and complaint in an adversary proceeding or documents filed under seal, shall be electronically served on the Court's electronic filing system (the "Electronic Filing System"), which shall be deemed to constitute proper service for all parties who are sent such email service. Subject to the limited exclusions set forth herein for opting out of email service, each individual or entity that has filed a Notice Request shall be deemed to have consented to electronic service of Court Filings, and service of Court Filings via the Court's Electronic Filing System constitutes proper service. Individuals or entities that have filed a Notice Request and a Certification in accordance with paragraphs 7 and 8 hereof, shall receive Court Filings via regular mail.

15. The right or requirement to act within a prescribed period after service is not extended by three days as set forth in Bankruptcy Rule 9006(f) when Court Filings are served by electronic mail via the Court's Electronic Filing System and in accordance with the procedures set forth herein.