

**UNITED STATES  
SECURITIES AND EXCHANGE  
COMMISSION**  
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0145 Expires: February 28, 2009 Estimated average burden hours per response: 14.5

**SCHEDULE 13D**  
Under the Securities Exchange Act of 1934  
(Amendment No.2)\*

**Patrick Industries, Inc.**

(Name of Issuer)

**Common Stock**

(Title of Class of Securities)

**703343103**

(CUSIP Number)

**Jeffrey L. Gendell**  
**55 Railroad Avenue, 1st Floor**  
**Greenwich, Connecticut 06830**

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

**May 18, 2007**

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. **703343103**

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)  
**Tontine Capital Partners, L.P.**

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)  
**WC**

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization  
**Delaware**

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7. Sole Voting Power  
**-0-**

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Number of  
Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person With

8. Shared Voting Power  
**1,834,469**

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9. Sole Dispositive Power  
**-0-**

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10. Shared Dispositive Power  
**1,834,469**

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11. Aggregate Amount Beneficially Owned by Each Reporting Person  
**1,834,469**

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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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13. Percent of Class Represented by Amount in Row (11)  
**31.1%**

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14. Type of Reporting Person (See Instructions)  
**PN**

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2

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CUSIP No. **703343103**

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)  
**Tontine Capital Management, L.L.C.**

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

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(b)

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3. SEC Use Only

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4. Source of Funds (See Instructions)  
**WC**

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5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

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6. Citizenship or Place of Organization  
**Delaware**

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7. Sole Voting Power  
**-0-**

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Number of  
Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person With

8. Shared Voting Power  
**1,834,469**

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9. Sole Dispositive Power  
**-0-**

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10. Shared Dispositive Power  
**1,834,469**

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11. Aggregate Amount Beneficially Owned by Each Reporting Person  
**1,834,469**

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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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13. Percent of Class Represented by Amount in Row (11)  
**31.1%**

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14. Type of Reporting Person (See Instructions)  
**OO**

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CUSIP No. **703343013**

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)  
**Tontine Capital Overseas Master Fund, L.P.**

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

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(b)

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3. SEC Use Only

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4. Source of Funds (See Instructions)  
**WC**

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5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

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6. Citizenship or Place of Organization  
**Cayman Islands**

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7. Sole Voting Power  
**-0-**

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8. Shared Voting Power  
**458,620**

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9. Sole Dispositive Power  
**-0-**

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10. Shared Dispositive Power  
**458,620**

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er of  
Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person With

11. Aggregate Amount Beneficially Owned by Each Reporting Person  
**458,620**

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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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13. Percent of Class Represented by Amount in Row (11)  
**7.8%**

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14. Type of Reporting Person (See Instructions)  
**IA, PN**

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CUSIP No. **703343103**

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)  
**Tontine Capital Overseas GP, L.L.C.**

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

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(b)

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3. SEC Use Only

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4. Source of Funds (See Instructions)  
**WC**

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5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

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6. Citizenship or Place of Organization  
**Delaware**

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7. Sole Voting Power  
**-0-**

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Number of  
Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person With

8. Shared Voting Power  
**458,620**

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9. Sole Dispositive Power  
**-0-**

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10. Shared Dispositive Power  
**458,620**

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11. Aggregate Amount Beneficially Owned by Each Reporting Person  
**458,620**

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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

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13. Percent of Class Represented by Amount in Row (11)  
**7.8%**

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14. Type of Reporting Person (See Instructions)  
**OO**

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CUSIP No. **703343103**

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)  
**Jeffrey L. Gendell**

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

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(b)

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3. SEC Use Only

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4.	Source of Funds (See Instructions) <b>OO</b>
<hr/>	
5.	Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) <input type="checkbox"/>
<hr/>	
6.	Citizenship or Place of Organization <b>United States</b>
<hr/>	
7.	Sole Voting Power <b>-0-</b>
<hr/>	
8.	Shared Voting Power <b>2,293,089</b>
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9.	Sole Dispositive Power <b>-0-</b>
<hr/>	
10.	Shared Dispositive Power <b>2,293,089</b>
<hr/>	
11.	Aggregate Amount Beneficially Owned by Each Reporting Person <b>2,293,089</b>
<hr/>	
12.	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) <input type="checkbox"/>
<hr/>	
13.	Percent of Class Represented by Amount in Row (11) <b>38.9%</b>
<hr/>	
14.	Type of Reporting Person (See Instructions) <b>IN</b>
<hr/>	

This Amendment No. 2 to Schedule 13D is being filed by the Reporting Persons to amend the Schedule 13D originally filed on September 19, 2005, and as amended on April 18, 2007 (the "Original Schedule 13D"), relating to the common stock, no par value, of Patrick Industries, Inc. Unless otherwise indicated, all capitalized terms used herein shall have the respective meanings given to them in the Original Schedule 13D.

**Item 1. Security and Issuer**

This Schedule 13D relates to the common stock, no par value (the "Common Stock"), of Patrick Industries, Inc. (the "Company"). The Company's principal executive offices are located at 107 West Franklin Street, Elkhart, Indiana 46515.

**Item 2. Identity and Background**

(a) This statement is filed by:

- (i) Tontine Capital Partners, L.P., a Delaware limited partnership ("TCP"), with respect to the shares of Common Stock directly owned by it;
- (ii) Tontine Capital Management, L.L.C., a Delaware limited liability company ("TCM"), with respect to the shares of Common Stock directly owned by TCP;
- (iii) Tontine Capital Overseas Master Fund, L.P. a Cayman Islands limited partnership ("TMF") with respect to shares of Common Stock directly owned by it;
- (iv) Tontine Capital Overseas GP, L.L.C., a Delaware limited liability company ("TCO"), with respect to shares of Common Stock directly owned by TMF;

and

(v) Jeffrey L. Gendell with respect to the shares of Common Stock directly owned by each of TCP and TMF.

The foregoing persons are hereinafter sometimes collectively referred to as the "Reporting Persons." Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief after making inquiry to the appropriate party.

- (b) The address of the principal business and principal office of each of TCP, TCM, TMF and TCO is 55 Railroad Avenue, 8<sup>th</sup> Floor, Greenwich, Connecticut 06830. The business address of Mr. Gendell is 55 Railroad Avenue, 1<sup>st</sup> Floor, Greenwich, Connecticut 06830.
- (c) The principal business of each of TMF and TCP is serving as a private investment limited partnership. The principal business of TCO is serving as the general partner of TMF. The principal business of TCM is serving as the general partner of TCP. Mr. Gendell serves as the managing member of TCM and TCO.
- (d) None of the Reporting Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e) None of the Reporting Persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and, as a result of such proceeding, was, or is subject to, a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation with respect to such laws.
- (f) TCP is a limited partnership organized under the laws of the State of Delaware. Each of TCO and TCM is a limited liability company organized under the laws of the State of Delaware. TMF is a limited partnership organized under the laws of the Cayman Islands. Mr. Gendell is a United States citizen.

**Item 3. Source and Amount of Funds or Other Consideration**

On May 18, 2007, TCP purchased 521,380 shares of Common Stock from the Company for a purchase price of \$5,865,525.00 and TMF purchased 458,620 shares of Common Stock from the Company for a purchase price of \$5,159,475.00, for an aggregate purchase price of \$11,025,000.00 in cash. TMF and TCP purchased the Common Stock from the Company pursuant to a securities purchase agreement dated April 10, 2007 (the "Securities Purchase Agreement"), the terms of which are described in greater detail in Item 6.

Each of TCP and TMF used working capital to purchase the Common Stock sold pursuant to the Securities Purchase Agreements. Mr. Gendell, TCO and TCM do not directly own any shares of Common Stock.

Shares of Common Stock purchased by the Reporting Persons were purchased with working capital and on margin. The Reporting Persons' margin transactions are with UBS Securities LLC, on such firm's usual terms and conditions. All or

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part of the shares of Common Stock directly owned by the Reporting Persons may from time to time be pledged with one or more banking institutions or brokerage firms as collateral for loans made by such bank(s) or brokerage firm(s) to the Reporting Persons. Such loans bear interest at a rate based upon the broker's call rate from time to time in effect. Such indebtedness may be refinanced with other banks or broker dealers.

**Item 4. Purpose of Transaction**

The Reporting Persons acquired the shares of Common Stock for investment purposes and in the ordinary course of business. The Reporting Persons may acquire additional securities of the Company or dispose of securities of the Company at any time and from time to time in the open market or otherwise. Pursuant to the Securities Purchase Agreement, the Company used the proceeds from the sale of Common Stock to TCP and TMF to complete the acquisition by the Company of Adorn Holdings, Inc, which was consummated on May 18, 2007. As described in greater detail in Item 6, so long as the Reporting Persons hold a certain percentage of Common Stock, they have the right to appoint up to two nominees to the Company's Board of Directors. The Company has agreed that it shall limit the number of directors serving on its board to no more than nine directors for so long as the Reporting Persons have the right to appoint a director to the Company's Board of Directors. Under the terms of the Securities Purchase Agreement, the sale of the Common Stock was subject to certain conditions, including, among others, (i) the execution of the Amended and Restated Registration Rights Agreement, as described in greater detail in Item 6 below; (ii) that the Company amend the Rights Agreement, dated March 21, 2006, as amended, by and between the Company and National City Bank, as Rights Agent; and (iii) that all of the conditions necessary for the acquisition of Adorn Holdings, Inc. to be consummated shall have been satisfied. In addition, the Company approved the acquisition by the Reporting Persons of up to 40% of its outstanding Common Stock, on a fully diluted basis, such that the Reporting Persons were not subject to certain restrictions set forth in the Indiana Business Corporation Law. The Company also agreed that it shall not revoke such approval and that it will use its best efforts to ensure that any future acquisitions by TCP and TMF (up to 40% of the outstanding Common Stock on a fully diluted basis) shall not be subject to anti-takeover provisions included in any of the Company's organizational documents or the laws, regulations of any governmental authority. The Reporting Persons reserve the right to change their plans or intentions and to take any and all actions that they may deem to be in their best interests.

Except as set forth above, the Reporting Persons do not have any current intention, plan or proposal with respect to: (a) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries; (c) a sale or transfer of a material amount of assets of the Company or any of its subsidiaries; (d) any change in the present board of directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board; (e) any material change in the present capitalization or dividend policy of the Company; (f) any other material change in the Company's business or corporate structure; (g) changes in the Company's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person; (h) causing a class of securities of the Company to be delisted from a national securities exchange, if any, or cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (i) a class of equity securities of the Company becoming eligible for termination of a registration pursuant to Section 12(g)(4) of the Act; or (j) any action similar to any of those enumerated above.

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**Item 5. Interest in Securities of the Issuer**

A. Tontine Capital Partners, L.P.

(a) Aggregate number of shares beneficially owned: 1,834,469. Percentage: 31.1%. The percentages used herein and in the rest of Item 5 are calculated based upon the 4,912,427 shares of Common Stock issued and outstanding as of April 27, 2007, as reflected in the Company's Form 10-Q filed for the period ending March 30, 2007, plus the 980,000 shares of Common Stock purchased by the Reporting Persons pursuant to the Securities Purchase Agreement, for a total of 5,892,427 shares of Common Stock.

(b) 1. Sole power to vote or direct vote: -0-

2. Shared power to vote or direct vote: 1,834,469

3. Sole power to dispose or direct the disposition: - -0-

4. Shared power to dispose or direct the disposition: 1,834,469

(c) Pursuant to the Securities Purchase Agreement, on May 18, 2007, TCP purchased 521,380 shares of Common Stock from the Company at \$11.25 per share.

(d) TCM, the general partner of TCP, has the power to direct the affairs of TCP, including decisions respecting the receipt of dividends from, and the disposition of the proceeds from the sale of, the shares. Mr. Gendell is the Managing Member of TCM and in that capacity directs its operations.

(e) Not applicable.

#### B. Tontine Capital Management, L.L.C.

(a) Aggregate number of shares beneficially owned: 1,834,469. Percentage: 31.1%.

(b) 1. Sole power to vote or direct vote: -0-

2. Shared power to vote or direct vote: 1,834,469

3. Sole power to dispose or direct the disposition: - -0-

4. Shared power to dispose or direct the disposition: 1,834,469

(c) TCM did not enter into any transactions in the Common Stock of the Company within the last sixty days. Pursuant to the Securities Purchase Agreement, on May 18, 2007, TCP purchased 521,380 shares of Common Stock from the Company at \$11.25 per share and TMF purchased 458,620 shares of Common Stock from the Company at \$11.25 per share.

(d) Not applicable.

(e) Not applicable.

#### C. Tontine Capital Overseas Master Fund, L.P.

(a) Aggregate number of shares beneficially owned: 458,620. Percentage: 7.8%.

(b) 1. Sole power to vote or direct vote: -0-

2. Shared power to vote or direct vote: 458,620

3. Sole power to dispose or direct the disposition: - -0-

4. Shared power to dispose or direct the disposition: 458,620

(c) Pursuant to the Securities Purchase Agreement, on May 18, 2007, TMF purchased 458,620 shares of Common Stock from the Company at \$11.25 per share.

(d) TCO, the general partner of TMF, has the power to direct the affairs of TMF, including decisions respecting the receipt of dividends from, and the disposition of the proceeds from the sale of, the shares. Mr. Gendell is the Managing Member of TCO and in that capacity directs its operations.

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(e) Not applicable.

#### D. Tontine Capital Overseas GP, L.L.C.

(a) Aggregate number of shares beneficially owned: 458,620. Percentage: 7.8%.

(b) 1. Sole power to vote or direct vote: -0-

2. Shared power to vote or direct vote: 458,620

3. Sole power to dispose or direct the disposition: - -0-

4. Shared power to dispose or direct the disposition: 458,620

(c) TCO has not entered into any transactions in the Common Stock of the Company within the last sixty days. Pursuant to the Securities Purchase Agreement, on May 18, 2007, TCP purchased 521,380 shares of Common Stock from the Company at \$11.25 per share and TMF purchased 458,620 shares of Common Stock from the Company at \$11.25 per share.

(d) Not applicable.



(e) Not applicable.

E. Jeffrey L. Gendell

(a) Aggregate number of shares beneficially owned: 2,293,089. Percentage: 38.9%.

(b) 1. Sole power to vote or direct vote: -0-

2. Shared power to vote or direct vote: 2,293,089

3. Sole power to dispose or direct the disposition: -0-

4. Shared power to dispose or direct the disposition: 2,293,089

(c) Mr. Gendell did not enter into any transactions in the Common Stock of the Company within the last sixty days. Pursuant to the Securities Purchase Agreement, on May 18, 2007, TCP purchased 521,380 shares of Common Stock from the Company at \$11.25 per share and TMF purchased 458,620 shares of Common Stock from the Company at \$11.25 per share.

(d) Not applicable.

(e) Not applicable.

## **Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

### **A. Securities Purchase Agreement**

On April 10, 2007, TCP, TMF and the Company entered into the Securities Purchase Agreement, pursuant to which the Company agreed (i) to sell 980,000 shares of Common Stock at \$11.25 per share, of which TCP agreed to purchase 521,380 shares and TMF agreed to purchase 458,620 shares for an aggregate purchase price of \$11,025,000.00 and (ii) to issue senior subordinated promissory notes in favor of each of TCP and TMF, in the aggregate principal amount of up to \$16,500,000.00, but not less than \$13,975,000.00 (each a "Note" and collectively, the "Notes"). The transactions contemplated under the Securities Purchase Agreement were consummated on May 18, 2007. Pursuant to the Securities Purchase Agreement, the Company agreed to use the proceeds from the Notes and the sale of the Common Stock to TCP and TMF to complete the acquisition by the Company of Adorn Holdings, Inc., which was also consummated on May 18, 2007. Under the Securities Purchase Agreement, so long as the Reporting Persons (i) hold between 7.5% and 14.9% of the Common Stock then outstanding, they have the right to appoint one nominee to the Company's Board of Directors and (ii) hold at least 15.0% of the Common Stock then outstanding, they have the right to appoint two nominees to the Company's Board of Directors. The Company has agreed to limit the number of directors serving on its Board to no more than nine directors for so long as the Reporting Persons have the right to appoint a director to the Company's Board of Directors. Under the terms of the Securities Purchase Agreement, the sale of the Common Stock was subject to certain conditions, including, among others, (i) the execution of the Amended and Restated Registration Rights Agreement as described in greater detail in this Item 6 below; (ii) that the Company amend the Rights Agreement, dated March 21, 2006, as amended, by and between the Company and National City Bank, as Rights Agent; and (iii) that all of the conditions necessary for the acquisition of Adorn Holdings, Inc. to be consummated shall have been satisfied. In addition, the

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Company approved the acquisition by the Reporting Persons of up to 40% of its outstanding Common Stock, on a fully diluted basis, such that the Reporting Persons will not be subject to certain restrictions set forth in the Indiana Business Corporation Law. The Company also agreed that it shall not revoke such approval and that it will use its best efforts to ensure that any future acquisitions by TCP and TMF (up to 40% of the outstanding Common Stock on a fully diluted basis) shall not be subject to anti-takeover provisions included in any of the Company's organizational documents or the laws, regulations of any governmental authority. The Securities Purchase Agreement also contains standard representations and warranties, as well as other customary terms and conditions.

### **B. Amended and Restated Registration Rights Agreement**

On May 18, 2007, pursuant to the terms of the Securities Purchase Agreement and upon the closing of the transactions contemplated thereunder, TCP, TMF and the Company entered into an Amended and Restated Registration Rights Agreement dated as of May 18, 2007 (the "Amended and Restated Registration Rights Agreement"). Pursuant to the Amended and Restated Registration Rights Agreement, the Company is required to file a shelf registration statement and grant to TCP and TMF (and their qualifying transferees), certain demand and "piggyback" registration rights in connection with their shares of Common Stock. The registration rights granted under the Amended and Restated Registration Rights Agreement terminate with respect to TCP and TMF (and any of their qualifying transferees) when such party no longer holds any Registrable Securities (as defined in the Amended and Restated Registration Rights Agreement). With the exception of certain expenses, such as underwriting discounts and commissions, the Company has agreed to pay all expenses incident to its performance of or compliance with the Amended and Restated Registration Rights Agreement, including the reasonable fees and expenses of counsel retained by the holders of registrable securities requested to be included in a registration statement.

### **C. Notes**

On May 18, 2007, pursuant to the terms of the Securities Purchase Agreement, and upon the closing of the transactions contemplated thereunder, TCP and TMF provided interim debt financing in the aggregate principal amount of \$13,975,000.00 (of which \$2,795,000 was provided by TMF and \$11,180,000 was provided by TCP), in exchange for the Notes from the Company in like principal amount. The Notes have a term of three years and shall be repaid as follows: (i) on the first anniversary, 10% of the original principal amount, (ii) on the second anniversary, 40% of the original principal amount and (iii) a final payment of the outstanding principal balance together with any accrued and unpaid interest thereon due at maturity. Interest shall be payable in cash or in kind at a rate of 9.5% per annum for the first year and 13.5% per annum for the period thereafter. The Notes are unsecured and subordinate to the Company's Senior Debt (as defined in the Notes).

The foregoing summaries of the Securities Purchase Agreement, the Amended and Restated Registration Rights Agreement and the Notes do not purport to be complete and are qualified in their entirety by reference to Exhibits 1 through 4, respectively, which are incorporated by reference herein.

Except as described herein, the Reporting Persons do not have any contracts, arrangements, understandings or relationships (legal or otherwise) with any person with respect to any securities of the Company, including but not limited to the transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or losses, or the giving or withholding of proxies.

## **Item 7. Material to Be Filed as Exhibits**

1. Securities Purchase Agreement dated April 10, 2007, by and among Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P. and Patrick Industries, Inc. (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on April 11, 2007).
2. Amended and Restated Registration Rights Agreement dated as of May 18, 2007, by and among Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P. and Patrick Industries, Inc.
3. Senior Subordinated Promissory Note by Patrick Industries, Inc. in favor of Tontine Capital Partners, L.P. dated as of May 18, 2007, in the amount of \$11,180,000.
4. Senior Subordinated Promissory Note by Patrick Industries, Inc. in favor of Tontine Capital Overseas Master Fund, L.P. dated as of May 18, 2007, in the amount of \$2,795,000.

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**Signature**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

\_\_\_\_\_  
May 24, 2007

Date

\_\_\_\_\_  
/s/ Jeffrey L. Gendell

Signature

Jeffrey L. Gendell, individually, as managing member of Tontine Capital Management, L.L.C., general partner of Tontine Capital Partners, L.P., and as managing member of Tontine Capital Overseas GP, L.L.C., general partner of Tontine Capital Overseas Master Fund, L.P.

\_\_\_\_\_  
Name/Title

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**PATRICK INDUSTRIES, INC.**  
**AMENDED AND RESTATED**  
**REGISTRATION RIGHTS AGREEMENT**

This Amended and Restated Registration Rights Agreement (the "Agreement") is made this 18<sup>th</sup> day of May, 2007, by and among Patrick Industries, Inc., an Indiana corporation (the "Company"), and the stockholders of the Company identified on the signature page hereto (individually a "Stockholder" and collectively the "Stockholders"). This Amended and Restated Registration Rights Agreement amends and restates in its entirety that certain Registration Rights Agreement dated September 13, 2005, between the Company and Tontine Capital Partners, L.P. ("Tontine Capital").

**AGREEMENT**

The parties hereby agree as follows:

1. **REGISTRATION RIGHTS.** The Company and the Stockholders covenant and agree as follows:

1.1 **Definitions.** For purposes of this Agreement:

(a) The term "Adverse Disclosure" means public disclosure of material non-public information relating to a significant transaction, which disclosure (i) would be required to be made in any registration statement filed with the SEC by the Company so that such registration statement would not be materially misleading; (ii) would not be required to be made at such time but for the filing of such registration statement; and (iii) would, in the good faith judgment of the Company's Board of Directors, have a material adverse effect upon the Company's ability to complete such significant transaction or upon the terms on which such significant transaction could be completed

(b) The term "Common Stock" means the common stock of the Company, without par value, including the preferred share purchase rights which accompany each share.

(c) The term "Exchange Act" means the Securities Exchange Act of 1934, as amended, or successor statute, and the rules and regulations of the SEC promulgated thereunder.

(d) The term "Holder" means a Stockholder that is a holder of Registrable Securities and any transferees of such Stockholder under Section 1.11 hereof who hold Registrable Securities.

(e) The term "Majority Holders" means those Holders holding a majority of the Registrable Securities.

(f) The terms "register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act of 1933, as amended, or successor statute, and applicable

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rules and regulations thereunder (the "Securities Act"), and the declaration or ordering of effectiveness of such registration statement or document by the SEC;

(g) The term "Registrable Securities" means (i) the shares of Common Stock now held by the Stockholders, consisting of 2,293,089 shares of Common Stock, 1,313,089 of which were purchased pursuant to a certain Stock Purchase Agreement dated September 13, 2005, between the Company and Tontine Capital and 980,000 of which were purchased pursuant to a certain Securities Purchase Agreement dated April 10, 2007, among the Company, Tontine Capital and Tontine Capital Overseas Master Fund, L.P., and so long as this Agreement is still in effect, any other shares of Common Stock acquired by the Stockholders on or after the date hereof, (ii) any securities of the Company acquired by the Stockholders in the registered rights offering to be made to the Company's shareholders promptly hereafter (the "Rights Offering") and (iii) any other shares of the Company's Common Stock issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares listed in (i) or (ii) (because of stock splits, stock dividends, reclassifications, recapitalizations or similar events); provided, however, that the foregoing definition shall exclude in all cases any Registrable Securities (x) which are effectively registered under the Securities Act and disposed of in accordance with a Registration Statement covering such shares, (y) which have been transferred by a Stockholder owning such securities pursuant to Rule 144 under the Securities Act ("Rule 144") or other provisions of or exemptions from the Securities Act or (z) which are no longer beneficially owned by any Stockholder;

(h) The term "Registration Statement" means a Shelf Registration Statement on Form S-3 registering the resale of Registrable Securities, or such other registration statement filed by the Company under the Securities Act pursuant to the provisions of this Agreement, including the prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference in such registration statement.

(i) The term "SEC" means the Securities and Exchange Commission, or any other Federal agency at the time administering the Securities Act; and

(j) The term "Shelf Registration Statement" means a "shelf" registration statement on Form S-3 filed under the Securities Act providing for the registration of, and the sale on a continuous or delayed basis by the Stockholders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the SEC, filed by the Company pursuant to the provisions of Section 1.2 of this Agreement.

(k) The term "Underwritten Offering" means a registration under this Agreement in which securities of the Company are sold to an underwriter on a firm commitment basis for reoffering to the public.

1.2 **Registration.**

(a) At such time as the Company files a Registration Statement with respect to the Rights Offering, but in any event within ninety (90) days of the date hereof, the Company shall file a Registration Statement on Form S-3 under the Securities Act registering the resale under Rule 415 under the Securities Act of all of the Registrable Securities then

effective date of the Registration Statement with the SEC. The Company shall use its reasonable best efforts to cause the Registration Statement to be declared effective under the Securities Act as soon as possible, but in any event, no later than ninety (90) days from the date of filing, and shall use its reasonable best efforts to keep the Registration Statement continuously effective for a period of five (5) years after the Registration Statement first becomes effective, subject to the terms of this Agreement. The Company shall promptly amend such Registration Statement from time to time to include any Registrable Securities that are issued at any time after the original filing upon written notice to the Company by any Stockholder regarding the request for registration of such newly issued Registrable Securities.

(b) If for any reason the SEC does not permit all of the Registrable Securities to be included in a Registration Statement filed pursuant to Section 1.2(a) or Section 1.3 below or for any other reason all Registrable Securities then outstanding are not then included in such an effective Registration Statement, then the Company shall prepare and file as soon as reasonably possible after the date on which the SEC shall indicate as being the first date or time that such filing may be made an additional Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. Each such Registration Statement shall provide for the resale from time to time, and pursuant to any method or combination of methods legally available on Form S-3 by the Holders of any and all Registrable Securities, such methods of distribution to be provided in writing to the Company no later than seven (7) days prior to the effective date of the Registration Statement with the SEC. The Company shall use its reasonable best efforts to cause each such Registration Statement to be declared effective and to keep the Registration Statement continuously effective for a period of five (5) years after the Registration Statement first becomes effective.

### 1.3 Request for Registration.

(a) Subject to Section 1.3(h), if the Company shall receive a written request from the Majority Holders of the Registrable Securities then outstanding (the “Initiating Stockholders”) that the Company file a Registration Statement on Form S-3 under the Securities Act registering the resale of all or part of such Majority Holders’ Registrable Securities then outstanding, the Company will promptly give written notice of such requested registration to all other Holders, and thereupon the Company will use its reasonable best efforts to file with the SEC as soon as reasonably practicable following such demand request (but in no event later than the date that is ninety (90) days after the demand request) such Registration Statement. The Company shall use its reasonable best efforts to cause such Registration Statement to be declared effective by the SEC within ninety (90) days after the initial filing of the Registration Statement. The Company shall include in such Registration Statement the Registrable Securities which the Company has been so requested to be registered by the Initiating Holders and all other Registrable Securities the holders of which shall have made a written request to the Company for registration thereof within thirty (30) days after the giving of such written notice by the Company.

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(b) If the Holders of not less than 50% of the Registrable Securities covered by a Registration Statement filed pursuant to Section 1.2 or Section 1.3 so elect, the offering of Registrable Securities pursuant to such Registration Statement shall be in the form of an Underwritten Offering and the Company shall amend or supplement the Registration Statement, if appropriate. Such Holders shall have the right to select the managing underwriter or underwriters to administer the offering, subject to the approval of the Company, which approval shall not be unreasonably withheld or delayed.

(c) A registration requested pursuant to this Section 1.3 shall not be deemed to have been effected unless a Registration Statement with respect thereto has become effective; provided, that a Registration Statement that does not become effective after the Company has filed a Registration Statement with respect thereto solely by reason of the refusal to proceed of the Initiating Stockholders shall be deemed to have been effected by the Company at the request of the Initiating Stockholders.

(d) The Company shall use its reasonable best efforts to keep any Registration Statement filed pursuant to this Section 1.3 continuously effective for a period of five (5) years after the Registration Statement first becomes effective. In the event the Company shall give any notice pursuant to Section 1.3(i) or Section 1.5(d), the time period mentioned in this Section 1.3(d) (or in Section 1.2 above) during which the required Registration Statement is to remain effective shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 1.3(i) or Section 1.5(d) to and including the date when each Holder covered by the Registration Statement shall have received the copies of the supplemented or amended prospectus contemplated by Section 1.5(h) or shall have otherwise been notified by the Company that the Suspension has been lifted.

(e) Notwithstanding the foregoing, if the Company shall furnish to the Holders, a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Registration Statement to be filed and it is therefore advisable to defer the filing of such Registration Statement, the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the written request of the Initiating Stockholders.

(f) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 1.3 during the period starting with the date ninety (90) days prior to the Company’s good faith estimate of the date of filing of, and ending on the later of a date ninety (90) days after the effective date of, a Registration Statement subject to Section 1.4 hereof.

(g) Notwithstanding the foregoing, the Company shall not be required to effect a registration pursuant to this Section 1.3 (i) after the Company has effected two (2) registrations pursuant to this Section 1.3 and such registrations have been declared or ordered effective or (ii) during the period in which the Company is not eligible to use Form S-3 for such Registration Statement.

(h) The right of the Holders to register Registrable Securities pursuant to this Section 1.3 is only exercisable if the Registrable Securities were not included in the Registration Statement contemplated by Section 1.2(a) or such Registration Statement otherwise

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becomes unusable (other than due solely to some act or omission by the Holders electing to have Registrable Securities registered pursuant to such Registration Statement) and the Company is not able to restore the usability of the Registration Statement as contemplated by this Agreement.

(i) If the filing of the Registration Statement or the continued effectiveness of the Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Holders, delay filing the Registration Statement or suspend use of the Registration Statement (in either case, a “Suspension”); provided, however, the Company shall not be permitted to exercise a Suspension (i) more than twice during any twelve (12) month period, (ii) for a period exceeding thirty (30) days on any one occasion, or (iii) for an aggregate period exceeding sixty (60) days in any twelve (12) month period. In the case of a Suspension, the notice required above shall request the Holders to suspend any sale or purchase, or offer to sell or purchase the Registrable Securities, and to suspend use of the prospectus related to the registration in connection with any such sale or purchase or offer to sell or purchase. The Company shall promptly notify the holders upon the termination of any Suspension, and amend or supplement the prospectus, if necessary, so it does not contain any untrue statement or omission therein and furnish to the holder such numbers of copies of the prospectus as so amended or supplemented as the Holders may reasonably request.

### 1.4 Company Registration.

(a) The Company shall notify all Holders in writing at least thirty (30) days prior to the filing of a Registration Statement (including, but not limited to, a Registration Statement relating to secondary offerings of securities of the Company, but excluding (x) registration statements relating solely to employee benefit plans or debt securities, or (y) registration statements solely with respect to corporate reorganizations or other transactions under Rule 145 of the Securities Act or (z) a registration on any registration form that does not permit secondary sales), and such notice shall describe the proposed registration and distribution.

(b) Each Holder desiring to include in any such Registration Statement all or any part of the Registrable Securities held by it shall, within fifteen (15) days after the above-described notice from the Company, so notify the Company in writing. The Company shall, subject to Section 1.7, afford each such Holder an opportunity to include in such Registration Statement all or part of such Registrable Securities held by such Holder.

(c) If the Registration Statement is to be filed in connection with an Underwritten Offering, all Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. The Company shall use its reasonable best efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit the Registrable Securities to be included in a Registration Statement under this Section 1.4 to be included on the same terms and conditions as any similar securities of the Company or any other security holder included therein and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method of distribution thereof.

(d) Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Registration Statement pursuant to this Section 1.4

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by giving written notice to the Company of its request to withdraw prior to the filing of the Registration Statement.

(e) If a Holder decides not to include all of its Registrable Securities in any Registration Statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent Registration Statement or Registration Statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 1.4 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

(f) In connection with any public offering by the Company of its Common Stock, pursuant to which the Stockholder is entitled to registration rights under this Section 1.4, the Stockholder (including any permitted transferee) if requested in good faith by the Company and the managing underwriter of the Company's securities, shall agree not to, directly or indirectly, offer, sell, pledge, contract to sell (including any short sale), grant any option to purchase or otherwise dispose of any securities of the Company held by them (except for any securities sold pursuant to such Registration Statement) or enter into any hedging transaction relating to any securities of the Company for a period not to exceed ninety (90) days following the effective date of the applicable Registration Statement as agreed to by such parties; provided, that the Stockholder's obligations under this paragraph (f) shall be conditioned upon all officers and directors entering into similar agreements with the Company and such managing underwriter. For purposes of this Section 1.4, "hedging transaction" means any short sale (whether or not against the box) or any purchase, sale or grant of any right (including without limitation, any put or call option) with respect to any security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from the Common Stock.

1.5 **Obligations of the Company.** Whenever required under Section 1 to effect the registration of any Registrable Securities, the Company will use its reasonable best efforts to effect the registration of Registrable Securities pursuant to this Agreement in accordance with the intended methods of disposition thereof, and pursuant thereto the Company will as expeditiously as possible:

(a) Prepare and file with the SEC a Registration Statement with respect to such Registrable Securities and use its reasonable best efforts to cause such Registration Statement to become effective, and keep such registration statement effective for the period provided for in this Agreement.

(b) Promptly prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection with such Registration Statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement for the period provided for in this Agreement.

(c) Promptly furnish to each Holder of Registrable Securities such numbers of copies of such Registration Statement, each amendment and supplement thereto, the prospectus included in the Registration Statement in conformity with the requirements of the

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Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Promptly notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of: (i) the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, (ii) the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, and (iii) the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(e) Use its reasonable best efforts to cause all such Registrable Securities registered pursuant hereto to be listed on Nasdaq or each securities exchange on which similar securities issued by the Company are then listed.

(f) Provide each Holder of Registrable Securities with a reasonable opportunity to review and comment on the Registration Statement prior to its filing with the SEC.

(g) If there has occurred any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, the Company will use its reasonable best efforts to prepare and furnish to each Holder a reasonable number of copies of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading in the light of the circumstances then existing.

(h) In the event of the issuance by the SEC of any stop order suspending the effectiveness of a Registration Statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any securities included in the Registration Statement for sale in any jurisdiction, the Company will use its reasonable best efforts to promptly obtain the withdrawal of such order.

(i) Cooperate with each seller of Registrable Securities and their counsel in connection with any filings required to be made with the National Association of Securities Dealers.

(j) Use its reasonable best efforts to register or qualify such Registrable Securities under such other state securities or blue sky laws as the selling Holders selling such Registrable Securities reasonably requests and do any and all other acts and things which may be reasonably necessary or reasonably advisable to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder and to keep each such registration or qualification (or exemption therefrom) effective

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during the period which the Registration Statement is required to be kept effective (provided, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph, (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction).

(k) Enter into such customary agreements (including underwriting agreements containing customary representations and warranties) and take all other customary and appropriate actions as the Holders of a majority of the Registrable Securities being sold or the managing underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities.

(l) With respect to an Underwritten Offering pursuant to any Registration Statement filed under Section 1.2 or Section 1.3, obtain one or more comfort letters, dated the effective date of the Registration Statement and, if required by the managing underwriters, dated the date of the closing under the underwriting agreement, signed by the Company's independent public accountants in customary form and covering such matter of the type customarily covered by comfort letters in similar transactions.

(m) With respect to an Underwritten Offering pursuant to any Registration Statement filed under Section 1.2 or Section 1.3, obtain a legal opinion of the Company's outside counsel, dated the effective date of such Registration Statement and, if required by the managing underwriters, dated the date of the closing under the underwriting agreement, with respect to the Registration Statement, each amendment and supplement thereto, the prospectus included therein (including the preliminary prospectus) and such other documents relating thereto in customary form and covering such matters of the type customarily covered by legal opinions in similar transactions.

(n) Take all other steps reasonably necessary to effect the registration of the Registrable Securities contemplated hereby.

1.6 **Furnish Information.** It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall reasonably be required to effect the registration of such Stockholder's Registrable Securities.

1.7 **Expenses of Registration.** All expenses, other than underwriting discounts and commissions ("Selling Expenses"), incurred in connection with registrations, filings or qualifications of Registrable Securities pursuant to Section 1 for each Holder, including (without limitation) all registration, filing, and qualification fees, printers' and accounting fees and fees and disbursements of counsel for the Company and any other person or entity retained by the Company, shall be borne by the Company, and the Company will pay its internal expenses (including without limitation all salaries and expenses of the Company's employees performing legal or accounting duties) and the expenses and fees for listing or approval for trading of the securities to be registered on each securities exchange on which similar securities issued by the Company are then listed or quoted. All Selling Expenses and the fees and disbursements of counsel for the Holders incurred in connection with any registrations hereunder shall be borne by

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the Holders of the securities so registered, *pro rata* on the basis of the number of shares so registered. In connection with any Registration Statement filed hereunder, the Company will pay the reasonable fees and expenses of a single counsel retained by the Holders of a majority (by number of shares) of the Registrable Securities requested to be included in such Registration Statement.

1.8 **Underwriting Requirements.** In connection with any Underwritten Offering, the Company shall not be required under Section 1.4 to include any of the Holders' securities in such underwriting, unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters), and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by Stockholders to be included in such offering exceeds an amount that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters determine in their sole discretion will not jeopardize the success of the offering. In such event: (x) in cases initially involving the registration for sale of securities for the Company's own account, securities shall be registered in such offering in the following order of priority: (i) first, the securities which the Company proposes to register, and (ii) second, Registrable Securities and securities which have been requested to be included in such registration by persons entitled to exercise "piggy-back" registration rights pursuant to contractual commitments of the Company (pro rata based on the amount of securities sought to be registered by Holders and such other persons); and (y) in cases not initially involving the registration for sale of securities for the Company's own account, securities shall be registered in such offering in the following order of priority: (i) first, the securities of any person whose exercise of a "demand" registration right pursuant to a contractual commitment of the Company is the basis for the registration, (ii) second, Registrable Securities and securities which have been requested to be included in such registration by persons entitled to exercise "piggy-back" registration rights pursuant to contractual commitments of the Company (pro rata based on the amount of securities sought to be registered by Holders and such other persons), and (iii) third, the securities which the Company proposes to register (the securities so included to be apportioned pro rata among the selling stockholders according to the total amount of securities entitled to be included therein owned by each selling stockholder or in such other proportions as shall mutually be agreed to by such selling stockholders).

No Holder may participate in any Underwritten Offering hereunder unless such Holder (a) agrees to sell such Holder's securities on the basis provided in any underwriting arrangements approved by the person or persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting arrangements and other documents required under the terms of such underwriting arrangements.

1.9 **Delay of Registration.** No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

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1.10 **Indemnification.** In the event any Registrable Securities are included in a Registration Statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, and its general or limited partners, officers, directors, members, managers, employees, advisors, representatives, agents and affiliates (collectively, the “Representatives”), and each underwriter, if any, and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Securities Exchange Act of 1934, as amended (the “Exchange Act”), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a “Violation”): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus, or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, or any rule or regulation promulgated under the Securities Act, the Exchange Act; and the Company will pay to each such Stockholder, underwriter or controlling person, as incurred, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable to any Stockholder, underwriter or controlling person for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Stockholder, underwriter or controlling person. Each Holder shall be entitled to reimbursement from the Company for any out-of-pocket losses actually incurred by such Holder to the extent that such Holder suffers such losses as a result of such Holder’s inability to make delivery of sold securities due to the Company’s breach of its commitment to provide timely notice as required by Section 1.5(d).

(b) To the extent permitted by law, each selling Stockholder will indemnify and hold harmless the Company, and its Representatives, each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act, any underwriter, and any controlling person of any such underwriter, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Stockholder expressly for use in connection with such registration; and each such Stockholder will pay, as incurred, any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 1.10(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.10(b) shall not apply to amounts paid in settlement of

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any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Stockholder, which consent shall not be unreasonably withheld. The obligation of each Holder to indemnify the Company and its Representatives shall be limited to the net proceeds received by such Holder from the sale of Registrable Securities under such Registration Statement. In no event, however, shall any Holder be liable for indirect, incidental or consequential or special damages of any kind.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonable fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential conflicting interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of liability to the indemnified party under this Section 1.10 to the extent that the indemnifying party has been prejudiced thereby.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties’ relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) The obligations of the Company and Stockholders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Section 1, and otherwise.

1.11 **Assignment of Registration Rights.** The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be transferred or assigned by Holder provided that (i) the Company is furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned and a representation as to the affiliate status of the transferee; (ii) such transferee agrees in writing to be subject to all restrictions set forth in this Agreement as though it were a

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Holder and shall be thereafter be deemed to constitute a Holder; and (iii) such assignment shall be effective only if and to the extent following such transfer the further disposition of such securities by the transferee or assignee is not eligible to be made under Rule 144(k).

1.12 **Additional Stockholder Covenants.** Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 1.3(i) or Section 1.5(d) hereof or upon notice of the commencement of any delay period under Section 1.3(d) hereof, such Holder shall forthwith discontinue disposition of such Registrable Shares covered by such Registration Statement or prospectus until such Holder’s receipt of the copies of the supplemented or amended prospectus contemplated by Section 1.5(b) hereof, or until it is advised in writing (the “Advice”) by the Company that the use of the applicable prospectus may be resumed, and has received copies of any amended or supplemented prospectus or any additional or supplemental filings which are incorporated, or deemed to be incorporated, by reference in such prospectus and, if requested by the Company, such Holder shall deliver to the Company (at the expense of the Company) all copies, other than permanent file copies then in such Stockholder’s possession, of the prospectus covering such Registrable Shares at the time of receipt of such request. Each Holder further agrees not to utilize any material other than the applicable current prospectus in connection with the offering of Registrable Shares pursuant to this Agreement.

1.13 **Termination of Registration Rights.** All registration rights granted under this Agreement with respect to a Holder shall terminate and be of no further force and effect when such Holder no longer beneficially owns any Registrable Securities.

2.1 **Current Public Information.** The Company covenants that it will use its reasonable best efforts to file all reports required to be filed by it under the Exchange Act, and will use its reasonable best efforts to take such further action as the Stockholder may reasonably request, all to the extent required to enable the Holders of Registrable Securities to sell Registrable Securities pursuant to Rule 144 or Rule 144A adopted by the SEC under the Securities Act or any similar rule or regulation hereafter adopted by the SEC. The Company shall, upon the request of a Holder, deliver to such Holder a written statement as to whether it has complied with such requirements during the twelve (12) month period immediately preceding the date of such request.

3. **MISCELLANEOUS.**

3.1 **Successors and Assigns.** Except as otherwise provided in this Agreement, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 **Amendments and Waivers.** Any term of this Agreement may be amended or waived only with the written consent of (i) the Company, and (ii) the Majority Holders. Any amendment or waiver effected in accordance with this paragraph shall be binding

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upon each Stockholder of any Registrable Securities then outstanding and its permitted successors and assigns.

3.3 **Notices.** All notices, consents, waivers and other communications under this Agreement must be in writing (which shall include telecopier or electronic communication) and will be deemed to have been duly given if delivered by hand or by nationally recognized overnight delivery service (receipt requested), or by telecopy if confirmed by receipted overnight delivery service as follows:

Stockholders:	c/o Jeffrey L. Gendell 55 Railroad Avenue, 1 <sup>st</sup> Floor Greenwich, Connecticut, 06830 Telephone: (203) 769-2000 Telecopy: (203) 769-2010 Email: jgendell@tontinepartners.com
with a copy to:	Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLP  Until May 29, 2007: 333 W. Wacker Drive, Suite 2700 Chicago, Illinois 60606  After May 29, 2007: 200 W. Madison Street, Suite 3900 Chicago, Illinois 60606  Attention: John E. Freechack, Esq. Telephone: (312) 984-3100 Telecopy: (312) 984-3150 Email: john.freechack@bfkpn.com
Company:	Patrick Industries, Inc. 107 West Franklin Street Elkhart, Indiana 46516 Attention: Andy Nemeth Telephone: (574) 294-7511 Telecopy: (574) 522-5213 Email: nemetha@patrickind.com
with a copy to:	McDermott Will and Emery LLP 227 West Monroe Street Chicago, Illinois 60606-5096 Attention: Robert A. Schreck, Jr. Telephone: (312) 372-2000 Telecopy: (312) 984-7700 Email: rschreck@mwe.com

or to such other person or place as any party shall furnish to the other parties hereto. Except as otherwise provided herein, all such notices, consents, waivers and other communications shall be

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effective: (a) if delivered by hand, when delivered; (b) if delivered by overnight express delivery service, on the next Business Day after deposit with such service; and (c) if by telecopier or electronic mail, on the next business day of transmission if also confirmed by mail in the manner provided in this Section.

3.4 **Severability.** If any term, provision, covenant or restriction of this Agreement is held by any governmental authority or a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

3.5 **Governing Law.** This Agreement shall be governed in all respects, including validity, interpretation and effect, by the internal laws of the State of Indiana, without regard to the principles of conflict of laws. Any disputes arising out of or in connection with this Agreement shall be adjudicated in a United States District Court in Indiana or in a court of competent civil jurisdiction in the State of Indiana. Each party hereto irrevocably submits to the personal jurisdiction of such courts for the purposes of any such suit, action, counterclaim or proceeding arising out of this Agreement (collectively, a Suit). Each of the parties hereto hereby waives and agrees





THE SECURITY REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND SUCH STATE SECURITIES LAWS, OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

THIS NOTE IS SUBJECT TO THE TERMS OF THE SUBORDINATION AGREEMENT DATED THE DATE HEREOF BETWEEN THE INITIAL HOLDER OF THIS NOTE AND JPMORGAN CHASE BANK, N.A., AS ADMINISTRATIVE AGENT, AND NO PAYMENTS HEREON MAY BE MADE, OR ACTIONS TAKEN TO ENFORCE THIS NOTE, IN VIOLATION OF SUCH SUBORDINATION AGREEMENT.

### SENIOR SUBORDINATED PROMISSORY NOTE

\$11,180,000

Elkhart, Indiana

FOR VALUE RECEIVED, PATRICK INDUSTRIES, INC., an Indiana corporation (hereinafter referred to as the "**Borrower**"), hereby promises to pay to the order of TONTINE CAPITAL PARTNERS, L.P., and its successors and assigns (hereinafter referred to as "**Holder**"), in the manner hereinafter provided, the principal sum of ELEVEN MILLION ONE HUNDRED EIGHTY THOUSAND DOLLARS (\$11,180,000), as it may be increased herein, in immediately available funds and in lawful money of the United States of America, together with interest thereon, all in accordance with the provisions hereinafter specified. This Note is one of \$13,975,000 in aggregate principal amount of Senior Subordinated Promissory Notes (each a "**Note**" and collectively, the "**Notes**") issued pursuant to the Securities Purchase Agreement dated April 10, 2007, among the Borrower and the original purchasers of the Notes (the "**Purchase Agreement**"), and is subject to the provisions set forth therein.

1. **Accrual of Interest.** Interest shall accrue on the outstanding principal amount hereof (including any PIK Interest, as hereafter defined) at (i) a rate equal to nine and one-half percent (9.50%) per annum for the period beginning on the date hereof and ending on the first anniversary of the date hereof (the "**Initial Period**") and (ii) a rate equal to thirteen and one-half percent (13.50%) per annum for the period following the Initial Period. Interest shall be calculated hereunder on the basis of the actual number of days elapsed.

2. **Payment of Interest.** Commencing on December 31, 2007, the Borrower shall pay interest on this Note semi-annually in arrears on each June 30 and December 31 of each calendar year and on the Maturity Date (as hereafter defined), or if any such day is not a business day, on the next succeeding business day (each an "**Interest Payment Date**"), to Holder. Interest payable on this Note shall be paid on each Interest Payment Date, at the election of the Borrower, (i) in cash or (ii) in kind, in which event the amount of the principal outstanding under this Note shall be increased by the amount of such interest payment ("**PIK Interest**") on such Interest Payment Date and interest shall then accrue on the increased principal amount. During the continuance of an Event of Default, notwithstanding anything else to the contrary contained in this Note, interest payable on the outstanding principal hereunder, including any PIK Interest,

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shall bear interest at the then applicable interest rate set forth in Section 1 plus two percent (2%) per annum and such interest shall be payable upon demand.

3. **Scheduled Principal Payments.** The Borrower shall make payments of principal to Holder as follows: (i) on the first anniversary of this Note, the sum of \$1,118,000, which represents 10% of original principal amount of this Note, (ii) on the second anniversary of this Note, the sum of \$4,472,000, which represents 40% of original principal amount of this Note, and (iii) on May 18, 2010 (the "**Maturity Date**"), a final payment of the sum of the outstanding principal balance of this Note, including the amount of any PIK Interest, together with accrued and unpaid interest thereon, and all other obligations and indebtedness owing hereunder, if not sooner paid.

4. **Prepayment.** This Note may be prepaid in whole or in part at any time without premium or penalty. Any prepayment of principal shall be accompanied by payment of any interest, if any, accrued and unpaid through the date of such prepayment.

5. **Manner and Application of Payments.** All amounts payable in cash hereunder shall be payable to Holder by wire transfer of immediately available funds. Payments hereunder shall be applied first to interest and then to principal outstanding hereunder, except that if Holder has incurred any cost or expense in connection with the enforcement or collection of the obligations of the Borrower hereunder, Holder shall have the option of applying any monies received from the Borrower to payment of such costs or expenses plus interest thereon before applying any of such monies to any interest or principal then due.

6. **No Security.** This Note is an unsecured obligation of the Borrower and no collateral accompanies the obligations hereunder.

7. **Subordination.** The indebtedness of the Borrower evidenced by this Note, including the principal and interest, is subordinated and junior in right of payment to all Senior Liabilities under and as defined in the Subordination Agreement dated the date hereof (the "**Subordination Agreement**") between the initial Holder and JPMorgan Chase Bank, N.A., as Administrative Agent, as more fully set forth in the Subordination Agreement.

8. **Treatment of Notes.** All Notes issued pursuant to the Purchase Agreement or subsequently issued in replacement thereof shall rank *pari passu* as to the payment of principal and interest. Further, the Notes and any notes subsequently issued in replacement thereof shall rank senior as to the payment of principal and interest with all present and future indebtedness for money borrowed of the Borrower or any of its subsidiaries other than (i) the Senior Liabilities, (ii) indebtedness existing on the date hereof and identified on Schedule 8 to this Note and extensions, renewals and replacements of any such indebtedness that do not increase the outstanding principal amount thereof and (iii) indebtedness of the Borrower or any of its subsidiaries incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including capital lease obligations and any indebtedness assumed in connection with the acquisition of any such assets or secured by a lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any indebtedness that do not increase the outstanding principal amount thereof.

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9. **Events of Default.** Each of the following acts, events or circumstances shall constitute an Event of Default (each an "**Event of Default**") hereunder:

(i) the Borrower shall default in the payment when due (in accordance with the terms of the Notes) of any principal, including PIK Interest, interest or other amounts owing hereunder or under any other Note, and such default is not cured within three (3) business days of the due date;

(ii) any representation or warranty made by the Borrower in the Purchase Agreement to shall have been false or misleading in any material respect on the date as of which such representation or warranty was made;

(iii) the Borrower shall fail to perform or observe any material agreement, covenant or obligation arising under any provision hereof, under any other Note or the Purchase Agreement for more than thirty (30) days following receipt by the Borrower of a notice from Holder indicating any such violation;

(iv) any default by the Borrower under the terms of the Senior Liabilities, which results in the acceleration of the Senior Liabilities;

(v) (a) the Borrower shall commence a voluntary case concerning itself under any bankruptcy, insolvency or similar laws or statutes (including Title 11 of the United States Code, as amended, supplemented or replaced) (collectively, the “**Bankruptcy Code**”); or (b) an involuntary case is commenced against the Borrower and is not dismissed within ninety (90) days; or (c) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Borrower or the Borrower commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Borrower or there is commenced against the Borrower any such proceeding; or (d) any order of relief or other order approving any such case or proceeding is entered; or (e) the Borrower is adjudicated insolvent or bankrupt; or (f) the Borrower makes a general assignment for the benefit of creditors; or (g) the Borrower shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debts; or (h) the Borrower shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; and

(vi) this Note or any other Note shall cease to be in full force and effect, or shall cease to provide the rights, powers and privileges purported to be created hereby.

Subject to the Subordination Agreement, if an Event of Default, other than an Event of Default described in Section 9(v), occurs, the Holder by written notice to the Borrower may declare the principal of and accrued interest on this Note to be immediately due and payable. Upon a declaration of acceleration, such principal and interest will become immediately due and payable. If an Event of Default described in Section 9(v) occurs, the principal of and accrued interest on this Note then outstanding will become immediately due and payable without any declaration or other act on the part of the Holder.

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10. Remedies; Cumulative Rights. In addition to the rights provided under Section 8, Holder shall also have any other rights that Holder may have been afforded under any contract or agreement at any time, including the Purchase Agreement, and any other rights that Holder may have pursuant to applicable law. No delay on the part of Holder in the exercise of any power or right under this Note or under any other instrument executed pursuant hereto shall operate as a waiver thereof, nor shall a single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right.

No extension of time of the payment of this Note or any other modification, amendment or forbearance made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the liability of any co-borrower, endorser, guarantor or any other person with regard to this Note, either in part or in whole. No failure on the part of Holder or any holder hereof to exercise any right or remedy hereunder, whether before or after the occurrence of a default, shall constitute a waiver thereof, and no waiver of any past default shall constitute a waiver of any future default or of any other default. No failure to accelerate the debt evidenced hereby by reason of an Event of Default hereunder or acceptance of a past due installment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter, or to impose late payment charges, or shall be deemed to be a novation of this Note or any reinstatement of the debt evidenced hereby, or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which Holder or any holder hereof may have, whether by the laws of the State of Indiana, by agreement or otherwise, and none of the foregoing shall operate to release, change or affect the liability of the Borrower under this Note, and the Borrower hereby expressly waives (to the extent allowed by law) the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

11. Waivers. Except for the notices expressly required by the terms of this Note (which rights to notice are not waived by the Borrower), the Borrower, for itself and its successors and assigns, hereby forever waives presentment, protest and demand, notice of protest, demand, dishonor and non-payment of this Note, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note, and waives and renounces (to the extent allowed by law), all rights to the benefits of any statute of limitations and any moratorium, appraisalment, and exemption now allowed or which may hereby be provided by any federal or state statute or decisions against the enforcement and collection of the obligations evidenced by this Note and any and all amendments, substitutions, extensions, renewals, increases, and modifications hereof.

12. Attorneys’ Fees. The Borrower agrees to pay all reasonable costs and expenses of collection and enforcement of this Note when incurred, including Holder’s reasonable attorneys’ fees and legal and court costs, including any incurred on appeal or in connection with bankruptcy or insolvency, whether or not any lawsuit or proceeding is ever filed with respect hereto.

13. Severability; Invalidity. The Borrower and Holder intend and believe that each provision in this Note comports with all applicable local, state and federal laws and judicial decisions. However, if any provisions, provision, or portion of any provision in this Note is found by a court of competent jurisdiction to be in violation of any applicable local, state or federal ordinance,

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statute, law, or administrative or judicial decision, or public policy, and if such court would declare such portion, provision or provisions of this Note to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent of all parties hereto that such portion, provision or provisions shall be given force and effect to the fullest possible extent they are legal, valid and enforceable, and the remainder of this Note shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were severable and not contained herein, and the rights, obligations and interest of the Borrower and Holder hereof under the remainder of this Note shall continue in full force and effect.

14. Usury. All terms, conditions and agreements herein are expressly limited so that in no contingency or event whatsoever, whether by acceleration of maturity of the unpaid principal balance hereof, or otherwise, shall the amount paid or agreed to be paid to the holders hereof for the use, forbearance or detention of the money advanced hereunder exceed the highest lawful rate permissible under applicable laws. If, from any circumstances whatsoever, fulfillment of any provision hereof shall involve transcending the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable hereto, then *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity, and if under any circumstances the holder hereof shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to reduction of the unpaid principal balance due hereunder and not to the payment of interest.

15. Assignment. The Borrower may not transfer, assign or delegate any of its rights or obligations hereunder. This Note shall accrue to the benefit of Holder and its successors and shall be binding upon the undersigned and its successors. Holder shall have the right, without the consent of the Borrower, to transfer or assign, in whole or in part, its rights and interests in and to this Note, and, as used herein, the term “**Holder**” shall mean and include such successors and assigns.

16. Notices. Any notices required or permitted to be given under the terms of this Note shall be sent or delivered personally or by courier (including a recognized, receipted overnight delivery service) or by facsimile (with a copy sent by a recognized, receipted overnight delivery service) and shall be effective upon receipt, if delivered personally or by courier (including a recognized overnight delivery service) or by facsimile, in each case addressed to a party. The addresses for such communications shall be:

If to the Borrower:

Patrick Industries, Inc.  
107 West Franklin Street  
Elkhart, Indiana 46516  
Telephone: (574) 294-7511  
Facsimile: (574) 522-5213  
Attention: Andy Nemeth

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If to Holder:

Tontine Capital Partners, L.P.  
55 Railroad Avenue, 1st Floor  
Greenwich, Connecticut 06830  
Attention: Mr. Jeffrey L. Gendell  
Telephone: (203) 769-2000  
Facsimile: (203) 769-2010

Each party shall provide notice to the other party of any change in address.

17. Amendment. The provisions of this Note may be amended only by a written instrument signed by the Borrower and Holder.
18. Governing Law. THIS NOTE AND THE RIGHTS AND OBLIGATIONS OF ALL PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF INDIANA.
19. Jurisdiction; Waiver of Jury Trial. ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS NOTE SHALL BE FILED, TRIED AND LITIGATED IN THE STATE AND FEDERAL COURTS LOCATED IN INDIANA. THE BORROWER WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS NOTE, INCLUDING CONTRACT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. THE BORROWER HAS REVIEWED THIS WAIVER AND KNOWINGLY AND VOLUNTARILY WAIVES THE AFORESAID TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS NOTE MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

*[Signature page follows]*

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EXECUTED AND DELIVERED at Elkhart, Indiana as of the date written below.

PATRICK INDUSTRIES, INC.

Dated as of May 18, 2007

By: /s/ Andy L. Nemeth  
Name: Andy L. Nemeth  
Title: Executive Vice President-Finance

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THE SECURITY REPRESENTED HEREBY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND SUCH STATE SECURITIES LAWS, OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

THIS NOTE IS SUBJECT TO THE TERMS OF THE SUBORDINATION AGREEMENT DATED THE DATE HEREOF BETWEEN THE INITIAL HOLDER OF THIS NOTE AND JPMORGAN CHASE BANK, N.A., AS ADMINISTRATIVE AGENT, AND NO PAYMENTS HEREON MAY BE MADE, OR ACTIONS TAKEN TO ENFORCE THIS NOTE, IN VIOLATION OF SUCH SUBORDINATION AGREEMENT.

### SENIOR SUBORDINATED PROMISSORY NOTE

\$2,795,000

Elkhart, Indiana

FOR VALUE RECEIVED, PATRICK INDUSTRIES, INC., an Indiana corporation (hereinafter referred to as the "**Borrower**"), hereby promises to pay to the order of TONTINE CAPITAL OVERSEAS MASTER FUND, L.P., and its successors and assigns (hereinafter referred to as "**Holder**"), in the manner hereinafter provided, the principal sum of TWO MILLION SEVEN HUNDRED NINETY-FIVE THOUSAND DOLLARS (\$2,795,000), as it may be increased herein, in immediately available funds and in lawful money of the United States of America, together with interest thereon, all in accordance with the provisions hereinafter specified. This Note is one of \$13,975,000 in aggregate principal amount of Senior Subordinated Promissory Notes (each a "**Note**" and collectively, the "**Notes**") issued pursuant to the Securities Purchase Agreement dated April 10, 2007, among the Borrower and the original purchasers of the Notes (the "**Purchase Agreement**"), and is subject to the provisions set forth therein.

1. **Accrual of Interest.** Interest shall accrue on the outstanding principal amount hereof (including any PIK Interest, as hereafter defined) at (i) a rate equal to nine and one-half percent (9.50%) per annum for the period beginning on the date hereof and ending on the first anniversary of the date hereof (the "**Initial Period**") and (ii) a rate equal to thirteen and one-half percent (13.50%) per annum for the period following the Initial Period. Interest shall be calculated hereunder on the basis of the actual number of days elapsed.

2. **Payment of Interest.** Commencing on December 31, 2007, the Borrower shall pay interest on this Note semi-annually in arrears on each June 30 and December 31 of each calendar year and on the Maturity Date (as hereafter defined), or if any such day is not a business day, on the next succeeding business day (each an "**Interest Payment Date**"), to Holder. Interest payable on this Note shall be paid on each Interest Payment Date, at the election of the Borrower, (i) in cash or (ii) in kind, in which event the amount of the principal outstanding under this Note shall be increased by the amount of such interest payment ("**PIK Interest**") on such Interest Payment Date and interest shall then accrue on the increased principal amount. During the continuance of an Event of Default, notwithstanding anything else to the contrary contained in this Note, interest payable on the outstanding principal hereunder, including any PIK Interest,

shall bear interest at the then applicable interest rate set forth in Section 1 plus two percent (2%) per annum and such interest shall be payable upon demand.

3. **Scheduled Principal Payments.** The Borrower shall make payments of principal to Holder as follows: (i) on the first anniversary of this Note, the sum of \$279,500, which represents 10% of original principal amount of this Note, (ii) on the second anniversary of this Note, the sum of \$1,118,000, which represents 40% of original principal amount of this Note, and (iii) on May 18, 2010 (the "**Maturity Date**"), a final payment of the sum of the outstanding principal balance of this Note, including the amount of any PIK Interest, together with accrued and unpaid interest thereon, and all other obligations and indebtedness owing hereunder, if not sooner paid.

4. **Prepayment.** This Note may be prepaid in whole or in part at any time without premium or penalty. Any prepayment of principal shall be accompanied by payment of any interest, if any, accrued and unpaid through the date of such prepayment.

5. **Manner and Application of Payments.** All amounts payable in cash hereunder shall be payable to Holder by wire transfer of immediately available funds. Payments hereunder shall be applied first to interest and then to principal outstanding hereunder, except that if Holder has incurred any cost or expense in connection with the enforcement or collection of the obligations of the Borrower hereunder, Holder shall have the option of applying any monies received from the Borrower to payment of such costs or expenses plus interest thereon before applying any of such monies to any interest or principal then due.

6. **No Security.** This Note is an unsecured obligation of the Borrower and no collateral accompanies the obligations hereunder.

7. **Subordination.** The indebtedness of the Borrower evidenced by this Note, including the principal and interest, is subordinated and junior in right of payment to all Senior Liabilities under and as defined in the Subordination Agreement dated the date hereof (the "**Subordination Agreement**") between the initial Holder and JPMorgan Chase Bank, N.A., as Administrative Agent, as more fully set forth in the Subordination Agreement.

8. **Treatment of Notes.** All Notes issued pursuant to the Purchase Agreement or subsequently issued in replacement thereof shall rank *pari passu* as to the payment of principal and interest. Further, the Notes and any notes subsequently issued in replacement thereof shall rank senior as to the payment of principal and interest with all present and future indebtedness for money borrowed of the Borrower or any of its subsidiaries other than (i) the Senior Liabilities, (ii) indebtedness existing on the date hereof and identified on Schedule 8 to this Note and extensions, renewals and replacements of any such indebtedness that do not increase the outstanding principal amount thereof and (iii) indebtedness of the Borrower or any of its subsidiaries incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including capital lease obligations and any indebtedness assumed in connection with the acquisition of any such assets or secured by a lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any indebtedness that do not increase the outstanding principal amount thereof.

9. **Events of Default.** Each of the following acts, events or circumstances shall constitute an Event of Default (each an "**Event of Default**") hereunder:

(i) the Borrower shall default in the payment when due (in accordance with the terms of the Notes) of any principal, including PIK Interest, interest or other amounts owing hereunder or under any other Note, and such default is not cured within three (3) business days of the due date;

(ii) any representation or warranty made by the Borrower in the Purchase Agreement to shall have been false or misleading in any material respect on the date as of which such representation or warranty was made;

(iii) the Borrower shall fail to perform or observe any material agreement, covenant or obligation arising under any provision hereof, under any other Note or the Purchase Agreement for more than thirty (30) days following receipt by the Borrower of a notice from Holder indicating any such violation;

(iv) any default by the Borrower under the terms of the Senior Liabilities, which results in the acceleration of the Senior Liabilities;

(v) (a) the Borrower shall commence a voluntary case concerning itself under any bankruptcy, insolvency or similar laws or statutes (including Title 11 of the United States Code, as amended, supplemented or replaced) (collectively, the "**Bankruptcy Code**"); or (b) an involuntary case is commenced against the Borrower and is not dismissed within ninety (90) days; or (c) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Borrower or the Borrower commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Borrower or there is commenced against the Borrower any such proceeding; or (d) any order of relief or other order approving any such case or proceeding is entered; or (e) the Borrower is adjudicated insolvent or bankrupt; or (f) the Borrower makes a general assignment for the benefit of creditors; or (g) the Borrower shall call a meeting of its creditors with a view to arranging a composition or adjustment of its debts; or (h) the Borrower shall by any act or failure to act consent to, approve of or acquiesce in any of the foregoing; and

(vi) this Note or any other Note shall cease to be in full force and effect, or shall cease to provide the rights, powers and privileges purported to be created hereby.

Subject to the Subordination Agreement, if an Event of Default, other than an Event of Default described in Section 9(v), occurs, the Holder by written notice to the Borrower may declare the principal of and accrued interest on this Note to be immediately due and payable. Upon a declaration of acceleration, such principal and interest will become immediately due and payable. If an Event of Default described in Section 9(v) occurs, the principal of and accrued interest on this Note then outstanding will become immediately due and payable without any declaration or other act on the part of the Holder.

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10. **Remedies; Cumulative Rights.** In addition to the rights provided under Section 8, Holder shall also have any other rights that Holder may have been afforded under any contract or agreement at any time, including the Purchase Agreement, and any other rights that Holder may have pursuant to applicable law. No delay on the part of Holder in the exercise of any power or right under this Note or under any other instrument executed pursuant hereto shall operate as a waiver thereof, nor shall a single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right.

No extension of time of the payment of this Note or any other modification, amendment or forbearance made by agreement with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the liability of any co-borrower, endorser, guarantor or any other person with regard to this Note, either in part or in whole. No failure on the part of Holder or any holder hereof to exercise any right or remedy hereunder, whether before or after the occurrence of a default, shall constitute a waiver thereof, and no waiver of any past default shall constitute a waiver of any future default or of any other default. No failure to accelerate the debt evidenced hereby by reason of an Event of Default hereunder or acceptance of a past due installment, or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter, or to impose late payment charges, or shall be deemed to be a novation of this Note or any reinstatement of the debt evidenced hereby, or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right which Holder or any holder hereof may have, whether by the laws of the State of Indiana, by agreement or otherwise, and none of the foregoing shall operate to release, change or affect the liability of the Borrower under this Note, and the Borrower hereby expressly waives (to the extent allowed by law) the benefit of any statute or rule of law or equity which would produce a result contrary to or in conflict with the foregoing.

11. **Waivers.** Except for the notices expressly required by the terms of this Note (which rights to notice are not waived by the Borrower), the Borrower, for itself and its successors and assigns, hereby forever waives presentment, protest and demand, notice of protest, demand, dishonor and non-payment of this Note, and all other notices in connection with the delivery, acceptance, performance, default or enforcement of the payment of this Note, and waives and renounces (to the extent allowed by law), all rights to the benefits of any statute of limitations and any moratorium, appraisal, and exemption now allowed or which may hereby be provided by any federal or state statute or decisions against the enforcement and collection of the obligations evidenced by this Note and any and all amendments, substitutions, extensions, renewals, increases, and modifications hereof.

12. **Attorneys' Fees.** The Borrower agrees to pay all reasonable costs and expenses of collection and enforcement of this Note when incurred, including Holder's reasonable attorneys' fees and legal and court costs, including any incurred on appeal or in connection with bankruptcy or insolvency, whether or not any lawsuit or proceeding is ever filed with respect hereto.

13. **Severability; Invalidity.** The Borrower and Holder intend and believe that each provision in this Note comports with all applicable local, state and federal laws and judicial decisions. However, if any provisions, provision, or portion of any provision in this Note is found by a court of competent jurisdiction to be in violation of any applicable local, state or federal ordinance,

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statute, law, or administrative or judicial decision, or public policy, and if such court would declare such portion, provision or provisions of this Note to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent of all parties hereto that such portion, provision or provisions shall be given force and effect to the fullest possible extent they are legal, valid and enforceable, and the remainder of this Note shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions were severable and not contained herein, and the rights, obligations and interest of the Borrower and Holder hereof under the remainder of this Note shall continue in full force and effect.

14. **Usury.** All terms, conditions and agreements herein are expressly limited so that in no contingency or event whatsoever, whether by acceleration of maturity of the unpaid principal balance hereof, or otherwise, shall the amount paid or agreed to be paid to the holders hereof for the use, forbearance or detention of the money advanced hereunder exceed the highest lawful rate permissible under applicable laws. If, from any circumstances whatsoever, fulfillment of any provision hereof shall involve transcending the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable hereto, then *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity, and if under any circumstances the holder hereof shall ever receive an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to reduction of the unpaid principal balance due hereunder and not to the payment of interest.

15. **Assignment.** The Borrower may not transfer, assign or delegate any of its rights or obligations hereunder. This Note shall accrue to the benefit of Holder and its successors and shall be binding upon the undersigned and its successors. Holder shall have the right, without the consent of the Borrower, to transfer or assign, in whole or in part, its rights and interests in and to this Note, and, as used herein, the term "**Holder**" shall mean and include such successors and assigns.

16. **Notices.** Any notices required or permitted to be given under the terms of this Note shall be sent or delivered personally or by courier (including a recognized, receipted overnight delivery service) or by facsimile (with a copy sent by a recognized, receipted overnight delivery service) and shall be effective upon receipt, if delivered personally or by courier (including a recognized overnight delivery service) or by facsimile, in each case addressed to a party. The addresses for such communications shall be:

If to the Borrower:

Patrick Industries, Inc.  
107 West Franklin Street  
Elkhart, Indiana 46516  
Telephone: (574) 294-7511  
Facsimile: (574) 522-5213  
Attention: Andy Nemeth

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If to Holder:

Tontine Capital Partners, L.P.  
55 Railroad Avenue, 1st Floor  
Greenwich, Connecticut 06830  
Attention: Mr. Jeffrey L. Gendell  
Telephone: (203) 769-2000  
Facsimile: (203) 769-2010

Each party shall provide notice to the other party of any change in address.

17. Amendment. The provisions of this Note may be amended only by a written instrument signed by the Borrower and Holder.

18. Governing Law. THIS NOTE AND THE RIGHTS AND OBLIGATIONS OF ALL PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF INDIANA.

19. Jurisdiction: Waiver of Jury Trial. ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS NOTE SHALL BE FILED, TRIED AND LITIGATED IN THE STATE AND FEDERAL COURTS LOCATED IN INDIANA. THE BORROWER WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS NOTE, INCLUDING CONTRACT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. THE BORROWER HAS REVIEWED THIS WAIVER AND KNOWINGLY AND VOLUNTARILY WAIVES THE AFORESAID TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS NOTE MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

*[Signature page follows]*

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EXECUTED AND DELIVERED at Elkhart, Indiana as of the date written below.

PATRICK INDUSTRIES, INC.

Dated as of May 18, 2007

By: /s/ Andy L. Nemeth

Name: Andy L. Nemeth

Title: Executive Vice President-Finance

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