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SUBORDINATION AGREEMENT

This Subordination Agreement is made and entered into as of June 16, 2000 by Dean V. White and John M. Peterman (the "Mortgage Holder") and is for the benefit of Mercantile National Bank of Indiana (the "Lender").

WHEREAS, Mortgage Holder is the holder of a mortgage dated December 4, 1999 and recorded December 23, 1999 as Document Number 99107070 in the Office of the Recorder of Lake County, Indiana, from Stoneridge Homes at Cobblestone, Inc., an Indiana corporation (the "Mortgage"); and

WHEREAS, Lender has agreed to provide construction financing to Stoneridge with respect to improvements to be placed on real estate subject to the Mortgage; and

WHEREAS, the Mortgage Holder is willing to subordinate its interest in the Mortgage to construction mortgages for the benefit of the Lender.

NOW THEREFORE, for Ten Dollars (\$10.00) and other fair and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Mortgage Holder, Mortgage Holder agrees as follows:

1. The interest of Mortgage Holder in real estate legally described as follows:

Lot 136, Cobblestones, Phase II, Block 3, an addition to the Town of Munster, shown in Plat Book 80, Page 12, Lake County, Indiana.

(the "Real Estate"), is hereby subordinated to the interest of Lender under certain construction mortgages dated of even date from Stoneridge to the Lender.

NOW THEREFORE, the Mortgage Holder has signed this Subordination Agreement as of the date where first above written.

18/00
JW
C

Dean V. White
Dean V. White

John M. Peterman
John M. Peterman

STATE OF INDIANA)
)
COUNTY OF LAKE)

SS:

Before me the undersigned, a Notary Public for the above county and state personally appeared Dean V. White and acknowledged the execution of the foregoing instrument this 16th day of June 2000.

Sharon Mustafa
Notary Public
Printed Name: Sharon Mustafa

My Commission Expires: 10/18/07
My Resident County: Lake

STATE OF INDIANA)
)
COUNTY OF LAKE)

SS:

Before me the undersigned, a Notary Public for the above county and state personally appeared John M. Peterman and acknowledged the execution of the foregoing instrument this 16th day of June 2000.

Sharon Mustafa
Notary Public
Printed Name: Sharon Mustafa

My Commission Expires: 10/18/07
My Resident County: Lake

25:CF#4271:301-061500

This instrument prepared by and when recorded should be returned to
Carol Ann Bowman, 1000 East 80th Place, Suite 700 North, Merrillville, Indiana 46410.