

Credit Application Credit Agreement

Date

Mm/dd/yy

To the Applicant(s)/Buyer(s)/Company (hereinafter "Applicant(s)" and/or "Buyer(s)" and/or "Company"):
Please complete this Credit Application form in its entirety. After carefully reading and agreeing to the Credit Application and Terms and Conditions (all 4 pages), sign the last page of this document. Your application will be reviewed by American Apparel (USA), LLC (hereinafter "American Apparel" and/or "Seller") and if approved, it will be approved for Net 30, Credit Cards and COD's. Please fax back all pages to American Apparel at +1 (213) 201-3017. Please call + 1 (514) 939-0245 to request a Canadian version of this form.

Applicant/Buyer/Company Information

| | |
|----------------------------------|---|
| Contact Name: | Type of Business (ie, Corporation, Proprietorship, Sole Ownership, LLC, etc): |
| Company/Business Name ("Buyer"): | Date Business Opened: |
| Address: | DUNS Number: |
| City: State: Zip: | Federal Tax ID: |
| Telephone: Fax: | |
| Email: | |
| Drivers License Number: | |

Net 30 (complete Sections 1 & 2) COD (Complete Section 3) Credit Card (Complete Section 4)

1. Banking Information

| | |
|------------------------|-----------------------|
| Account Number: | Bank Officer/Contact: |
| Bank Name: | Bank Routing Number: |
| Bank Address: | Telephone: Fax: |
| City: State: Zip: | |
| Credit Line Requested: | |

2. Guarantor Information

| | |
|---------------------|--|
| Name ("Guarantor"): | Telephone: Fax: |
| Address: | Email: |
| | Drivers License Number: |
| City: State: Zip: | Social Security No. or Federal Tax ID: |
| Account Number: | Bank Officer/Contact: |
| Bank Name: | Bank Routing Number: |
| Bank Address: | Telephone: Fax: |
| City: State: Zip: | |

If our (Buyer's) account goes 30 days or more past due, I authorize American Apparel to charge the past due amount to the Credit Card on file.

| | |
|---------------|------------|
| Printed Name: | Signature: |
|---------------|------------|

3. COD / Company Check

| | |
|-------------------|--|
| Account Number: | Bank Officer/Contact: |
| Bank Name: | Telephone: |
| Bank Address: | Drivers License or Federal Tax Identification: |
| City: State: Zip: | |

4. Credit Card Information

| | |
|------------------------------|-----------------------|
| Credit Card Number: | Expiration Date: CVW: |
| Cardholder Name: | City: State: Zip: |
| Cardholders Billing Address: | |

Internal Use Only

| | |
|--------------|--------------|
| Account No.: | Approved by: |
| Credit Line: | Date: |

American Apparel
Headquarters/Factory
747 Warehouse St.
Los Angeles, CA 90021
Phone: (213) 488-0226
Fax: (213) 488-0334

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Vertically Integrated Manufacturing

www.americanapparel.net

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Owners/Principals of Buyer:

| Name | % of Ownership | Address | City, State | Telephone |
|------|----------------|---------|-------------|-----------|
| | | | | |
| | | | | |
| | | | | |

Business References of Buyer:

| Name | Address | City, State | Telephone | Account # |
|------|---------|-------------|-----------|-----------|
| | | | | |
| | | | | |
| | | | | |

Business/Personal References of Guarantor:

| Name | Address | City, State | Telephone | Account # |
|------|---------|-------------|-----------|-----------|
| | | | | |
| | | | | |
| | | | | |

Order Confirmation/Counter Offer, and/or Credit Application Terms and Conditions:

Buyer(s) consent to the following Terms and Conditions:

Buyer(s) consent to the following Terms and Conditions: American Apparel (USA), LLC's (herein after "American Apparel" and/or "Seller") acceptance of Buyer's orders is expressly made conditional on Buyer's assent to these terms and conditions. Unless otherwise agreed to in writing by all parties, the terms and conditions set forth on this credit/buyer application, order confirmation and/or invoice supersede the terms and conditions of the Buyer's purchase order(s) and will govern all transaction between the Buyer and the Seller. These terms and conditions also apply to all future transaction unless modified in writing signed by all parties. Seller specifically rejects any terms or provisions which set any standards, specifications or damages related to quality and time of delivery or which contradict or purportedly claim to supersede these terms and conditions. Buyer's acceptance of goods delivered by Seller in conjunction with this invoice, credit/buyer application, or order confirmation is an acknowledgement by Buyer of its acceptance of these terms and conditions.

Notice of Defects>Returns:

The Buyer must make any claims of defects, including but not limited to those related to shortages, quality, or specification, within the first 7 days after the receipt of merchandise. The Seller cannot be responsible for shortages when shipments are directed to a third party. It is the responsibility of Buyer to inspect upon receipt, that all merchandise delivered matches its order.

Modification of Goods:

Garment dyers and printers beware: modify the goods and you own them! Once merchandise is printed, garment dyed, washed or altered in anyway, the Buyer cannot return or make a claim relating to such merchandise. The Seller is not responsible for fallout or loss during the garment dye process. Regularly test the merchandise for garment dyability. Garments modified by the Buyer, or modified by seller at the request of Buyer, may not be returned, Seller may agree, as an accommodation to Buyer, to purchase these items. Should seller make this accommodation, Buyer authorizes Seller to sell such garments and warrants that it has the right to sell such goods to Seller and releases and indemnifies seller from any liability related to labels, marks, designs or other intellectual property rights in anyway related to the sale or distributions of these goods.

Returns:

It is the responsibility of Buyer to inspect upon receipt, that all merchandise delivered matches its order. A written authorization from the seller must be obtained by the Buyer for any returned merchandise. All returns must be made within 7 days of receipt of goods. The Seller will charge the Buyer a 25% restocking fee with a \$ 5.00 minimum charge for any returned merchandise. Buyer authorizes seller to sell any garments with Buyer's label, mark, custom, design or print that have been returned, rejected, or abandoned.

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Acceptance of Goods with Known Defects Waives Claims for Damages:

Buyer must notify Seller in writing of all claims for damages resulting from late delivery or any other defect that is known to Buyer at the time Buyer accepts the merchandise. Buyer hereby waives any claim for damages resulting from any defect Buyer is aware of, including late delivery, at the time Buyer accepts the merchandise.

Defaults:

It is understood that should the Buyer become Delinquent in payment, no further credit will be Extended and the Seller will charge the Buyer a past due service charge at the rate of 1 ½% per month (18% per annum), collection agency fees in the amount of 30%, and/or reasonable attorney's fees, and all other costs and expenses which may be incurred by the Seller in the enforcement of the terms and conditions set forth on this invoice, credit application, and/order confirmation. Any returned checks will be charged back to the Buyer, and a \$50 handling fee will be charged to the Buyer. If the Buyer's account is insured and the Buyer's account is turned over to a receivable insurance company for a claim, Seller can also charge the client an additional 30% of the principal amount due which is in default. It is understood that these charges are a reasonable estimation of the damages Seller will incur upon Buyer's default.

Jurisdiction:

Any transactions between the Buyer and the Seller are governed by the laws of California. To the extent that any court proceedings are commenced, the Buyer and any Guarantor hereby consent to the jurisdiction of the courts of Los Angeles County, California, for any claims or controversies arising in the sale of garments by the Seller to the Buyer. The Seller also reserves the right to sue the Buyer or its Guarantor in the province or state of its domicile. However, the foregoing shall not in any way diminish or limit the arbitration provisions set forth below.

EXCLUSION OF IMPLIED WARRANTIES: The buyer recognizes that implied warranties of merchantability and fitness for particular purpose and all other warranties implied are excluded from any transaction between buyer and seller and shall not apply to the goods sold by seller. Seller shall also not be liable for any consequential damages.

No Responsibility:

Buyer acknowledges that Seller has no responsibility for any work performed by any vendor referred by Buyer and hereby waives any right to assert any claim against Seller for work performed by any other firm, including but not limited to claims for negligent referral, agency, or respondent superior.

Deterioration of Buyer's Credit:

The Seller has the right, in addition to other Remedies provided by law, to terminate any delivery or suspend further deliveries of goods paid by credit card or check, the individual(s) signing this invoice, credit/buyer application, other confirmation, or delivery receipt or check or credit slip (who, if more than one, shall be jointly and severally bound) hereby unconditionally guarantee(s) to American Apparel and its successors, endorsees, and assigns the punctual payment when due, with such interest as may accrue thereon either before or after any maturity(ies) thereof, of all debts and obligations of Buyer and any other party or parties, now existing or hereafter arising, as well as the performance and observance by Buyer of the terms, conditions, stipulations, and agreements of Buyer contained in this invoice, credit application, and/or order confirmation of American Apparel. This Guaranty will be continuing and irrevocable guaranty and indemnity for such indebtedness of Buyer. The undersigned do(es) hereby waive notice of acceptance of this Guaranty, notice of the occurrence of any default, presentments, demands, protests, and notices of any and all action at any time taken or omitted by Buyer regarding its indebtedness to American Apparel. The signer consent(s) to any modification or renewal of the credit hereby guaranteed. This guaranty shall bind the executors, administrators, and assigns of the undersigned and shall remain in force and effect unless and until canceled by written notice sent to Seller by registered mail, in which case it shall then be binding as to any balances still owing and outstanding as of the date of Seller receipt of such registered notice. This Guaranty also gives American Apparel the right to investigate credit from time to time of both Buyer and the Personal Guarantor(s), if deemed necessary by Seller.

Personal Guaranty:

In consideration of such credit extended and/or to be extended by American Apparel in its discretion to Buyer, or the release of goods paid by credit card or check, the individual(s) signing this invoice, credit/buyer application, other confirmation, or delivery receipt or check or credit slip (who, if more than one, shall be jointly and severally bound) hereby unconditionally guarantee(s) to American Apparel and its successors, endorsees, and assigns the punctual payment when due, with such interest as may accrue thereon either before or after any maturity(ies) thereof, of all debts and obligations of Buyer and any other party or parties, now existing or hereafter arising, as well as the performance and observance by Buyer of the terms, conditions, stipulations, and agreements of Buyer contained in this invoice, credit application, and/or order confirmation of American Apparel. This Guaranty will be continuing and irrevocable guaranty and indemnity for such indebtedness of Buyer. The undersigned do(es) hereby waive notice of acceptance of this Guaranty, notice of the occurrence of any default, presentments, demands, protests, and notices of any and all action at any time taken or omitted by Buyer regarding its indebtedness to American Apparel. The signer consent(s) to any modification or renewal of the credit hereby guaranteed. This guaranty shall bind the executors, administrators, and assigns of the undersigned and shall remain in force and effect unless and until canceled by written notice sent to Seller by registered mail, in which case it shall then be binding as to any balances still owing and outstanding as of the date of Seller receipt of such registered notice. This Guaranty also gives American Apparel the right to investigate credit from time to time of both Buyer and the Personal Guarantor(s), if deemed necessary by Seller.

Re-Selling Policies:

You may not resell or re-convey, or offer to sell or re-convey, any American Apparel products to any person or entity, under any circumstances or through any means, unless you first substantially modify those products by printing, embellishing, or decorating them so as to clearly distinguish them from American Apparel's product line. American Apparel shall have sole discretion to determine whether you have adequately distinguished the products. As a condition of buying American Apparel products from us now, you agree that these terms apply to ALL American Apparel products you now have or later acquire, whether or not obtained from us and whether or not such products were previously or would otherwise be subject to these terms.

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Arbitration:

1. AGREEMENT TO BINDING ARBITRATION

AMERICAN APPAREL and Buyer agree that upon the demand of either party, any claim or dispute between AMERICAN APPAREL and Buyer and/or any of either parties' parent corporations, successor entities, present and/or former subsidiaries, divisions, and affiliated entities, as well as each of their present and/or former shareholders, directors, officers, employees, attorneys, agents, contractors and representatives ("Agents"), shall be determined by binding arbitration as set forth in this Agreement. AMERICAN APPAREL and Buyer hereby covenant not to file a lawsuit against each other in contravention of this Agreement. The parties shall be entitled to all of the same remedies as those available for comparable actions in courts. The parties shall be entitled to be represented by independent counsel of their choosing. Claims shall be submitted to and determined exclusively by binding arbitration as provided for by Sections 1 and 2 of the Federal Arbitration Act, in conformity with the California Code of Civil Procedure. Once a party exercises its right to Arbitration as set forth below, Arbitration shall be the exclusive method for resolving any dispute; provided, however, that either party may request provisional relief from a court of competent jurisdiction, as provided in California Code of Civil Procedure section 1281.8.

2. KNOWING AND VOLUNTARY CONSENT TO BINDING ARBITRATION AND WAIVER OF RIGHT TO JURY TRIAL

AMERICAN APPAREL and Buyer hereby acknowledge that they have read and understand the terms of this Arbitration Agreement, and are voluntarily agreeing to its terms. AMERICAN APPAREL and Buyer also understand that by using binding arbitration to resolve disputes, they will be giving up any right they may have to a judge or jury trial.

3. COSTS OF ARBITRATION

The Parties shall each bear their own costs and attorneys' fees in any arbitration proceeding, provided however, that the arbitrator shall have the authority to require either party to pay the costs and attorneys' fees of the other party during the arbitration, as is permitted under federal or state law, as a part of any remedy that may be ordered.

Agreement and Acknowledgement:

Buyer(s) have carefully read and agree to these Terms and Conditions. Buyer authorizes American Apparel to verify the credit of the Company and/or the individual(s) whose signature(s) appears on this or the other documents specified above. Buyer and Guarantor(s) authorize its bank(s) and/or business references to release credit information of Buyer and for Guarantor(s) as requested by American Apparel. If any term, provision, covenant or condition of this agreement is held by a court of competent jurisdiction or an arbitrator to be invalid, void, or unenforceable, the remaining terms and provisions of this agreement will remain in full force and effect and shall in no way be affected, impaired, or invalidated.

Buyer: _____

By Printed Name: _____

Signature: _____

Date: _____

Printed Name: _____

Signature: _____

Date: _____

Guarantor: _____

Printed Name: _____

Signature: _____

Date: _____

Printed Name: _____

Signature: _____

Date: _____

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