

This Credit Application (this "Application") is made to U.S. Music Corp., an Illinois corporation, which owns the trade names U.S. Music Corp., Washburn, Parker, Oscar Schmidt, SoundTech, Vinci, Eden Electronics and Randall Amplifiers, for the purpose of inducing U.S. Music Corp to extend credit accommodations to the Applicant named below:

Full Company Name-Applicant Telephone No. Fax No.

Address City, State Zip Code

Trade Name and/or Shipping Address - If Different From Above E-Mail and Address Website

1. Applicant's Type of Business Is:  Proprietor  Partnership  Corporation  Limited Liability Company \_

2. State of Formations: \_\_\_\_\_ FEIN No. \_\_\_\_\_ State Resale No. \_\_\_\_\_ Attach copy of certificate

**NAMES OF PRINCIPAL STOCKHOLDERS, PARTNERS OR PRINCIPALS** (include titles, home address, SS# and phone):

NAME	TITLE	HOME ADDRESS	SOC. SECURITY #	PHONE
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3. Date Applicant Was Established or Incorporated \_\_\_\_\_

4. Applicant Has Operated From Its Current Address For \_\_\_\_\_ Years.

5. Applicant \_\_\_\_\_ Owns \_\_\_\_\_ Rents Its Present Place of Business.

6. Applicant's Business Credit References (If None, Substitute Personal Credit References):

**Bank Reference**

Name	Address	Loan Officer
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Telephone No.	Fax No.	Account Name	Account No.
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**Supplier References**

1 Name	Account No.	Telephone No.	Fax No.	Contact
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2 Name	Account No.	Telephone No.	Fax No.	Contact
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3 Name	Account No.	Telephone No.	Fax No.	Contact
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7. A copy of Applicant's Current Financial Statement Is Attached to This Application: \_\_\_ Yes or \_\_\_ Will be mailed to Credit Department.

8. Are the Applicant's Accounts Receivable, Inventory and/or Equipment Encumbered by a Present Lien or Security Interest: (If yes to any, include below)

Accounts Receivable \_\_\_ Yes \_\_\_ No Inventory \_\_\_ Yes \_\_\_ No Equipment \_\_\_ Yes \_\_\_ No

9. Outstanding Loans Made to Applicant:

Name of Creditor	Type of Loan	Original Amt. Due	Present Amt. Due	Monthly Payment	Security
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10. Other Business Names Used by Applicant To Obtain Credit:

Full Company Name	Address	Date
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11. Approximate Initial Amount of Credit Applicant Requests Per Month Which Request Shall Not Be Binding Upon U.S. Music Corp., Nor Shall U.S. Music Corp. Incur Liability By Granting, Reducing, Increasing or Refusing Said Request: \_\_\_\_\_

Applicant hereby certifies that the information furnished under this Application and any other financial statements furnished in connection herewith, is true and correct and that this information is being furnished to U.S. Music Corp. for the purpose of inducing U.S. Music Corp. to extend credit to Applicant, and understands that U.S. Music Corp. intends to rely upon such information. Applicant understands and agrees to be bound by the terms incorporated herein by reference and contained on the reverse side hereof and all invoices and other documents furnished by U.S. Music Corp. from time to time, all of which are incorporated herein by reference, and to advise U.S. Music Corp. of any material change in the information provided herein, including but not limited to change of ownership, address or telephone number. Applicant understands that U.S. Music Corp. will retain this Application whether or not it is approved. Applicant hereby authorizes U.S. Music Corp. to check Applicant's credit history and trade and bank references from time to time for customary credit information and to confirm on a continuing basis the information contained on this Application including but not limited to sending a copy hereof to the trade and bank reference, and to release information to other creditors regarding Applicant's credit experience with U.S. Music Corp.. THE UNDERSIGNED IS EXECUTING THIS APPLICATION IN HIS/HER CAPACITY AS AN OFFICER OF APPLICANT, AND INDIVIDUALLY FOR THE LIMITED PURPOSE OF AUTHORIZING U.S. MUSIC CORP. TO OBTAIN FROM TIME TO TIME A NON-BUSINESS CONSUMER CREDIT REPORT ON THE INDIVIDUAL UNDERSIGNED, IN ORDER TO FURTHER EVALUATE THE CREDITWORTHINESS OF SUCH INDIVIDUAL AS PRINCIPAL, PROPRIETOR AND/OR GUARANTOR IN CONNECTION WITH THE EXTENSION OF BUSINESS CREDIT. THE UNDERSIGNED, AS AN INDIVIDUAL, HEREBY KNOWINGLY CONSENTS TO THE USE OF SUCH CREDIT REPORT CONSISTENT WITH THE FEDERAL FAIR CREDIT REPORTING ACT AS CONTAINED IN 15 U.S.C. @ 1681, et. seq. APPLICANT UNDERSTANDS THAT THE TERMS AND CONDITIONS CONTAINED ON THE REVERSE SIDE HEREOF ARE MATERIAL HERETO AND SPECIFICALLY MADE A PART HEREOF.

APPLICANT:

By Authorized Agent:

\_\_\_\_\_  
Full Company Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

### PERSONAL GUARANTY

The undersigned ("Guarantor"), having a financial interest in Applicant, and benefiting from the transactions contemplated by this Application, hereby personally guarantees the payment by Applicant to U.S. Music Corp. of all amounts due and owing now, and from time to time hereafter ("Liabilities") from Applicant to U.S. Music Corp.. Guarantor expressly waives notice from U.S. Music Corp. of its acceptance and reliance on this Guaranty, notice of sales made to Applicant, and notice of default by Applicant. The obligations of Guarantor hereunder shall not be affected, excused, modified or impaired upon the happening, from time to time of any event. No set-off, counter-claim or reduction of any obligation, or any defense of any kind or nature which Guarantor has or may have against Applicant or U.S. Music Corp. shall be available hereunder to Guarantor against U.S. Music Corp. In the event of a default by Applicant on its obligations to U.S. Music Corp., U.S. Music Corp. may proceed directly to enforce its rights hereunder and shall have the right to proceed first against Guarantor, without proceeding with or exhausting any other remedies it may have. Guarantor further agrees that to the extent Applicant makes a payment or payments to U.S. Music Corp., which payment or payments, or any part thereof, are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to Applicant, its estate, trustee, receiver or any other party under any bankruptcy law, state or federal law, common law, or equitable cause, then to the extent of such payment or repayment, the Liabilities or portion thereof which have been paid, reduced, or satisfied by such amount so repaid shall be reinstated as of the date such initial payment, reduction, or satisfaction occurred. Guarantor agrees to pay all costs, expenses, and fees, including reasonable attorneys' fees, which may be incurred by U.S. Music Corp. in enforcing this Guaranty or protecting its rights following any default on the part of Guarantor. Guarantor agrees that an interest charge of one and one-half (1 ½%) percent per month, or the highest rate permitted by law, whichever is less, shall be assessed on any amount due and owing to U.S. Music Corp. by Guarantor under this Guaranty until collected. This Guaranty shall be binding upon Guarantor, Guarantor's heirs, successors, assigns, and representatives and survivors, and shall inure to the benefit of U.S. Music Corp., its successors, assigns, affiliates, and shareholders and may be assigned by U.S. Music Corp. without notice to Guarantor. This Guaranty shall be governed by and interpreted with the laws and decisions of the State of Illinois. GUARANTOR CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE STATE OF ILLINOIS, COUNTY OF COOK AND WAIVES ANY RIGHT IT MAY HAVE TO CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST IT BY U.S. MUSIC CORP. AND FURTHER WAIVES ANY RIGHT TO TRIAL BY JURY. If executed by more than one, the obligations of Guarantor shall be joint and several and all references to the singular shall be deemed in the plural.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

Doc ID: 49851-2

Please fax to:  
775-655-0978

## TERMS AND CONDITIONS

In consideration of the extension of credit by U.S. Music Corp. to Applicant and by signing the Application on the reverse side hereof, Applicant agrees to the following terms and conditions, which terms and conditions are a part of this Application:

1. Upon approval of this Application, U.S. Music Corp., in its sole discretion, and notwithstanding any request of the Applicant, may assign Applicant a maximum credit line and shall have the right to increase, decrease, or terminate Applicant's credit privileges under this Application at any time without prior notice to Applicant, except as otherwise provided by law.
2. All purchases by Applicant of goods and/or services from U.S. Music Corp. will be made in accordance with the terms and conditions of this Application and any invoices and/or other documents evidencing Applicant's obligations to U.S. Music Corp., all of which are incorporated herein by this reference. Applicant agrees and understands that U.S. Music Corp., at its sole discretion may change these Terms and Conditions.
3. Payment of the purchase price for goods and/or services acquired from U.S. Music Corp. shall be made pursuant to the terms set forth on each invoice, and Applicant agrees to pay all charges according to the payment terms established in said invoice. The entire outstanding balance due to U.S. Music Corp. on all invoices shall become due in full immediately upon default in the payment of any invoice.
4. Applicant agrees to pay interest in the amount of 1-1/2% per month, or the highest rate permitted by law, whichever is less, on any payment remaining unpaid after the due date until collected. Applicant agrees to pay all costs of collection incurred by U.S. Music Corp., including attorneys' fees and expenses, should a default in payment or any other obligation of Applicant occur.
5. Applicant will not return any products to U.S. Music Corp. unless U.S. Music Corp.'s customer service department has authorized such return. Applicant shall pay U.S. Music Corp. a twenty percent (20%) restocking fee for all products returned. All shipments will be F.O.B. shipping point. All returned checks are subject to a \$50.00 charge.
6. THIS APPLICATION SHALL BE GOVERNED BY, ENFORCED, AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS IN THE EVENT OF ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS APPLICATION, ANY CREDIT EXTENDED BY U.S. MUSIC CORP. TO APPLICANT OR ANY OTHER ISSUE. THE UNDERSIGNED CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE STATE OF ILLINOIS, COUNTY OF COOK AND WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY REGISTERED OR CERTIFIED MAIL DIRECTED TO IT AT THE ADDRESS IN THIS APPLICATION AND THAT SERVICES SO MADE SHALL BE DEEMED TO BE COMPLETED FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN POSTED TO THE UNDERSIGNED'S ADDRESS. THE UNDERSIGNED HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST IT BY U.S. MUSIC CORP. IN ACCORDANCE WITH THIS PARAGRAPH AND ANY RIGHT TO TRIAL BY JURY.
7. Applicant agrees to neither order nor accept goods from U.S. Music Corp. while Applicant is insolvent within the meaning of Section 1-201(23) of the Uniform Commercial Code ("UCC"). Every order placed, or delivery accepted, while the Applicant is insolvent shall constitute a written misrepresentation of solvency to U.S. Music Corp. within the meaning of Section 2-702(2) of the UCC, or any successor Section of the UCC.
8. **If this Application is not approved in full or if any other adverse action is taken with respect to Applicant's credit with U.S. Music Corp., Applicant has the right to request within 60 days of U.S. Music Corp.' notification of such adverse action, a statement of specific reasons for such action, which statement will be provided within 30 days of said request.** The federal Equal Credit Opportunity Act prohibits creditors from discrimination against credit Applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided that the Applicant has the capacity to enter into a binding contract); because all or part of the Applicant's income derives from any public assistance programs; or because the Applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning the creditor is the Federal Trade Commission, Washington, D.C.
9. To secure payment and performance of all obligations, Customer hereby grants U.S. Music Corp. a continuing money security interest and lien in all inventory, equipment, and goods manufactured by or distributed by U.S. Music Corp., whenever sold, consigned, leased, rented or delivered, directly or indirectly, to or for the benefit of Customer by U.S. Music Corp., wherever located, now owned and hereafter acquired including but not limited to all U.S. Music Corp. brands, "Washburn", "Vinci", "Oscar Schmidt", "Sound Tech", "Parker", "Eden", and "Randall"; and all replacement parts, accessories and supplies including repossessions and returns; and all proceeds from the sale, lease or rental thereof; and all existing or subsequently arising accounts and accounts receivable, all books and records, and supporting obligations which may from time hereafter come into existence during the term of this Security Agreement. U.S. Music Corp.'s security interest is explicitly limited to outstanding obligations between U.S. Music Corp and Customer. Customer will not subject the Collateral to any adverse encumbrance or lien, or sale or other than as approved in writing by U.S. Music Corp. including through this Agreement. If Customer fails to timely make any payment, U.S. Music Corp. may repossess and remove any Product(s) from Customer with or without notice. Customer will not locate the Collateral at any locations other than as known to U.S. Music Corp. Customer will promptly advise U.S. Music Corp. of any change of Customer's name or business nature, location, and business openings and closings. The following constitute Customer defaults: Non-payment in timely fashion of customer's indebtedness to U.S. Music Corp. bankruptcy, insolvency, or assignment for the benefit of creditors; misrepresentation in respect of any provision of this or any Agreement between U.S. Music Corp. and Customer. In the event of default U.S. Music Corp. may declare all unpaid balances due and payable and or may require Customer to assemble the collateral and make it available to allow U.S. Music Corp. to take possession or dispose of the collateral. Customer authorizes Secured Party to file a financing statement describing the collateral. Applicant hereby irrevocably appoints U.S. Music Corp. as its true and lawful attorney and agent-in-fact to sign and file all financing statements required to be filed to perfect the security