



Writers Guild of America, west



WGA LOW BUDGET AGREEMENT--APPLICATION

_____ (“Company”) has read the Writers Guild of America (“WGA”) Low Budget Agreement (the “Low Budget Agreement”). Company desires to produce _____ (the “Picture”) under the Low Budget Agreement. Enclosed are the following documents:

- _____ Screenplay/Final Shooting Script
- _____ Detailed Budget
- _____ Detailed Shooting Schedule (if available)
- _____ Copyright Ownership and Registration Documentation (Stamped Form PA, copyright assignments, production services agreements, etc.)
- _____ Documentation of Company’s Financial Structure (Certificate of Incorporation, LLC Operating Agreement and Certification of Organization, Partnership Agreement, Fictitious Name Statement)
- _____ Writer Request for Application of the WGA Low Budget Agreement

Company certifies that the Picture is a feature-length motion picture with an initial theatrical release, and the total budget of the Picture is not more than One Million Two Hundred Thousand Dollars (\$1,200,000).

Company certifies that all documents attached hereto and representations made in connection with this Application are true and correct. Any false or misleading statements or documents presented to the WGA shall constitute an immediate and continuing default which will automatically obligate Company to pay Writer(s) as required by the WGA Minimum Basic Agreement (“MBA”). Failure to make such payments will cause the WGA to take legal action, including but not limited to the exercise of its rights as a secured creditor.

Company understands that the WGA is unable to process this Application without all of the requested documents. Company further understands that the WGA may refuse this Application. If the WGA authorizes use of the WGA Low Budget Agreement on the Picture, the WGA will send final countersigned signatory documents to the Company.

By: _____
Company

Date: _____



Writers Guild of America, west



**WGA THEATRICAL LOW BUDGET AGREEMENT
FOR FILMS BUDGETED AT \$1,200,000 AND BELOW**

The Writers Guild of America, west, Inc. on behalf of itself and Writers Guild of America, East, Inc. (“WGA”) agree on a trial basis to modify, to the extent hereinafter set forth, certain provisions of the WGA 2001 Minimum Basic Agreement (“MBA”) with respect to the purchase of the theatrical motion picture screenplay currently titled _____ (“Screenplay”) written by _____ (“Writer”). _____ (“Company”) represents and warrants that the proposed theatrical motion picture (“Picture”) meets the definition of a low budget picture in Paragraph 2 below. Further, Company agrees that the Writer is or shall be deemed a “professional writer” for all purposes under the MBA.

Company further acknowledges receipt of a copy of the MBA. To the extent the provisions herein are inconsistent with the MBA, the provisions of this Low Budget Agreement shall apply.

THE FOLLOWING IS AGREED BETWEEN THE WGA AND COMPANY:

1. Acceptance as Signatory Producer

Upon Company’s execution of this Agreement and all MBA signatory documents, assumption agreements, and related documents required by the WGA, and acceptance by the WGA, Company is signatory to the MBA and to this Low Budget Agreement (“Agreement”) which modifies the 2001 Writers Guild of America Theatrical and Television Basic Agreement (“MBA”) as herein provided.

2, Definition of Low Budget Picture/Qualification to Produce under the Low Budget Agreement

Company represents and warrants to the WGA that the Company will exercise its best efforts to produce the Picture as a feature-length theatrical motion picture (live action and/or animated), with a total production cost of not more than One Million Two Hundred Thousand Dollars (\$1,200,000).

The “total production cost” is defined as the total of all “above the line” and “below the line” costs involved in pre-production, production or post-production, including any deferred guaranteed compensation, all other direct and indirect costs and out-of-pocket overhead costs, actually incurred in connection with the

making of the motion picture. The only excluded costs are interest payments and contingent payments to talent. Costs incurred on account of force majeure events or reshooting due to faulty negatives caused by technical problems outside the Company’s control shall not count toward the cost of production.

Prior to WGA’s acceptance of this Agreement, Company is required to submit to the WGA the most current complete, accurate and detailed budget, all writer employment, option/purchase and/or purchase contracts, the Screenplay, the Screenplay copyright ownership and registration documentation and any other relevant information required by the WGA in order to verify representations regarding the Picture. Upon availability, Company is also required to submit the final shooting script, the shooting schedule and updated budgets to the WGA.

3. Screenplay Purchase Price and First Rewrite—Deferral of Payment

The Screenplay Purchase Price is subject to negotiation between Company and the Writer of the Picture, however it shall be no less than MBA minimum. Company and the Writer have agreed that the Screenplay Purchase Price is _____. Company and the Writer have further agreed to defer payment of _____% percent of the Screenplay Purchase Price.

Company shall offer the first Writer the opportunity to perform the first rewrite. Compensation for the first rewrite is subject to negotiation between Company and the Writer of the Picture, however it shall be no less than MBA minimum. Company and the Writer have agreed the compensation for the first rewrite is _____. Company and the Writer have further agreed to defer payment of _____% percent of the compensation for the first rewrite. If a rewrite is performed, Company shall pay pension plan and health fund contributions on both the Screenplay Purchase Price and the rewrite when the rewrite payment is made or due.

Company will pay Writer for any additional writing services pursuant to the terms of the WGA Minimum Basic Agreement.

Upon commencement of principal photography, if the budget of the Picture is over Five Hundred Thousand Dollars (\$500,000) and not more than One Million Two Hundred Thousand Dollars (\$1,200,000), Company shall immediately pay Ten Thousand Dollars (\$10,000) to the Writer, said monies to be applied against any deferred monies owing on the Screenplay Purchase Price.

Further, upon Company's receipt of monies from any source or first revenues received after the earlier of recoupment of the total production cost or commencement of commercial distribution, Company shall immediately, but not later than within seven (7) days of receipt of monies, pay the remaining portion of the deferred Screenplay Purchase Price and/or deferred rewrite compensation to the Writer. Receipt of monies which trigger payment of deferred compensation to any other above-the-line participant shall trigger all payment owing to the Writer. If the Writer is a gross participant pursuant to Paragraph 5 of this Agreement, Company may pay the Writer such deferred monies pari passu with other gross participants.

If Company fails to pay the Screenplay Purchase Price and/or rewrite compensation to the Writer when due, Company shall pay late payment interest at the rate of 1.5% per month on the unpaid monies.

4. Publication Fee

The Company shall have the right to publish the screenplay on videodiscs/videocassettes. A one-time fee of Five Thousand Dollars (\$5,000) shall be paid in the aggregate to the credited Writer(s) of the Picture as compensation for such exploitation right. The Publication Fee shall be due whether or not the Company chooses to exploit such right, and whether or not the Company distributes the motion picture on videodisc or videocassette.

Such Publication Fee shall be paid through the Guild's Residual Department within thirty (30) days after (but not before) the final determination of writing credit on the motion picture. The Publication Fee may not be prepaid nor may it be offset or credited against any other compensation. The payment of the Publication Fee and any exercise of this right on videodiscs/videocassettes shall not otherwise affect the Writer's publication rights, if any.

For films budgeted at Five Hundred Thousand Dollars (\$500,000) and below, however, upon the Writer's request, the fee may be deferred with the screenplay purchase and/or first rewrite compensation pursuant to Paragraph 3 of this Agreement. All requests for deferral may be submitted by the Writer to the WGA's Independent Film Program or the WGA East's Contracts Department, as appropriate.

5. Profit Participation

Profit participation is subject to negotiation between Company and the Writer of the Picture. Company agrees to the following profit participation (attach more sheets if necessary): _____

_____.

The definition of "gross profit" or "net profit" applicable to the Writer shall be no less favorable than the definitions applicable to any other profit participant, including but not limited to the producer(s) and/or director.

When the Company sends the first profit participation monies to any profit participant on the Picture, the Writer shall concurrently receive all agreed-upon profit participation monies, pari passu with other profit participants.

In order to enforce this Paragraph, the Writer shall have the right to receive financial accountings, upon reasonable prior written notice to the Company, not more often than twice per year.

6. Creative Rights

In consideration for the deferral of the Screenplay Purchase Price and/or first rewrite compensation of an original screenplay, no writer other than the Writer of the original screenplay shall be engaged to perform writing services on the Picture unless the Writer of the original screenplay approves in writing the hiring of a subsequent writer. The failure to adhere to this provision shall be deemed a material breach of this Agreement and shall subject Company to the payment of damages to the Writer and to the WGA.

In addition to the creative rights provisions contained in MBA Article 48, creative rights are subject to negotiation between Company and the Writer of the Picture. The Company agrees to the following creative rights (attach more sheets if necessary): _____

_____.

7. Publicity

Company agrees that the Writer shall receive equally prominent credits and parity with producers and directors in all written and on-screen advertising, publicity, marketing and promotion of the Picture.

8. Reacquisition/Reversion of the Screenplay

If the Picture has not commenced principal photography within eighteen (18) months of signing this Agreement and no monies have been paid to the Writer or less than MBA minimums have been paid to the Writer for the purchase of the screenplay and/or the first rewrite thereto, all right, title and interest in the screenplay and any revisions thereto automatically revert to the Writer, and Company shall have no further rights therein.

If the Picture has not commenced principal photography within eighteen (18) months of signing this Agreement and the Writer has received the appropriate MBA low or high budget minimum for the purchase of the screenplay and any

revisions thereto, the Writer is immediately entitled to exercise reacquisition rights under MBA Article 16.A.8.d.

9. Initial Release on Television or Video

If the Picture is initially released or exhibited on television or video before it receives a bona fide theatrical release in the United States, the Picture shall be deemed to be a television motion picture for all purposes under the MBA, either a free television film if first exhibited on free television, a pay television film if first exhibited on pay television or basic cable, or a motion picture made-for the videocassette/videodisc market if first released on video.

Within seven (7) days of receipt of monies from the sale or license of the Picture but not later than the first exhibition date of the Picture, Company shall pay the difference, if any, between any amounts paid to the Writer under this Agreement and the applicable minimum under the MBA.

However, if Company or its agents engage in best efforts to distribute the Picture in the domestic (U.S. and Canada) theatrical market and are unsuccessful, and if Company provides proof that a sale or license of the free or pay television rights, basic cable rights or video rights was not made prior to the completion and delivery of the film "composite" or "answer" print suitable for screening, and provided further that the Company furnishes documentation of such efforts to distribute the film in the theatrical market and other relevant documentation (including but not limited to the free or pay television, basic cable or video license agreement) to the WGA, the Picture will not be reclassified as a "free television", "pay television" or "made-for video" film, but will remain classified as a "theatrical film" for all purposes of the MBA, as modified by this Agreement.

10. Additional Responsibilities of Company

A) Reports

Company shall maintain and submit to the WGA all requested reports and budget information, including distributor's and exhibitor's statements.

B) Final Cost Report or Cost Reports

Upon completion of principal photography, Company shall submit to the WGA a detailed report of actual expenditures and any other relevant materials required by the WGA showing the actual cost of production.

If the actual production cost of the Picture exceeds One Million Two Hundred Thousand Dollars (\$1,200,000), full payment of MBA low budget or MBA high

budget purchase compensation plus any additional sums necessary to bring each writer's payment in compliance with the minimum rates required by the MBA shall become due and payable within seven (7) days of the date the Company knows or should have known the budget of the Picture increased.

Therefore, if the budget of the Picture exceeds One Million Two Hundred Thousand Dollars (\$1,200,000) but is less than Five Million Dollars (\$5,000,000), no less than the following minimum in Purchase Price Compensation must immediately be paid to the Writer:

<u>Time Period</u>	<u>Original Screenplay</u>	<u>Non-original Screenplay</u>
5/2/01 – 5/1/02	\$32,747	\$26,649
5/2/02 – 5/1/03	\$33,729	\$27,448
5/2/03 – 5/1/04	\$34,740	\$28,271

If the budget of the Picture is greater than Five Million Dollars (\$5,000,000), no less than the following minimum in Purchase Price Compensation must immediately be paid to the Writer:

<u>Time Period</u>	<u>Original Screenplay</u>	<u>Non-original Screenplay</u>
5/2/01 – 5/1/02	\$67,029	\$54,842
5/2/02 – 5/1/03	\$69,040	\$56,487
5/2/03 – 5/1/04	\$71,112	\$58,182

11. Right to Audit

In addition to audit rights which exist under the MBA, the WGA and/or the Writer of the Picture have the right to audit the Company and to inspect and to photocopy records relating to the costs and revenues of the Picture in order to ensure compliance with the budget provisions of this Agreement. If an audit shows that additional monies are owed to the Writer, Company shall pay the full cost of the audit and pay all monies due plus late payment interest at the rate of 1.5% per month.

12. General Provisions

A) Application of Agreement to designated Picture Only

This Agreement applies to the above-entitled Picture only. The special provisions applicable to Low Budget theatrical motion pictures covered by this Agreement are experimental. If the WGA determines at any time that the continuance of this policy is not in the best interests of writers, the policy may be unilaterally changed or terminated.

B) Minimum Terms

This Agreement contains the minimum terms and conditions of employment to which the Writer is entitled. Except for credits for screen authorship, the Writer and Company are free to negotiate and contract for more favorable terms and

conditions of employment than the minimum terms provided for herein. Only the WGA has the right to waive any of the provisions of this Agreement or the MBA.

C) Entire Agreement

The MBA and this Agreement modifying the MBA constitute the entire understanding between the WGA and the Company, and neither can be altered or modified except by a written agreement between the parties. Upon execution, this Agreement supersedes any prior understandings and agreements whether oral or written.

D) Acknowledgement

The following statement shall be incorporated in the credits of the Picture:
"Special Thanks to the Writers Guild of America"

This Agreement terminates with the expiration of the 2001 MBA at midnight on May 1, 2004.

ACCEPTED AND AGREED:

Writers Guild of America, west, Inc.
on behalf of itself and Writers Guild of
America, East, Inc.

Date

Company

Date