

PHASE 3 FILMS  
TERMS AND CONDITIONS

The acceptance of the proposal and the production budget of Phase 3 Films, (hereinafter called "Phase 3") constitutes an agreement between \_\_\_\_\_ (hereafter called "Purchaser"). The issuance of a purchase order and/or the payment of the advance payment by Purchaser, as set forth below, shall be evidence of acceptance of this agreement on the Term and Conditions contained herein. Purchaser is desirous of entering into this agreement on the Terms and Conditions contained herein for the purpose of having a film/video production (hereafter called "Production") produced for Purchaser. Phase 3, as a producer of film/video productions, is desirous of producing this Production for Purchaser.

This AGREEMENT is effective as of the date of the Production date contained in the production budget, the purchase order date or the date of the advance payment, whichever comes first. NOW, THEREFORE, in consideration of the promises and the mutual covenants of the parties hereto, it is hereby agreed:

1. Production: Phase 3 agrees to provide the necessary equipment, services and materials to complete the Production at the prices as set forth in the production cost summary.

2. Approval: Purchaser shall have the right of approval at each stage of production, including but not limited to script, sets, photography, rough edit and final edit.

3. Payment: Purchaser agrees to pay Phase 3 the amount of money as prescribed in the production cost summary under Total Estimate.

Said payment shall be 50% of the Total as set forth in the Production cost summary due immediately upon entering into this agreement 25% of the Total as set forth in the production cost summary due immediately upon completion of principal photography, and the balance, including any additions, shall be paid to Phase 3 upon completion of Production and delivery of a DVD copy of Production but prior to delivery of the edited master. The edited master of Production to be delivered to Purchaser after receipt of final payment.

Interest at the rate of one and one half percent per month (1 1/2% per month) will be added to any amounts due and not paid on the dates due as prescribed above.

4. Changes, Additions, Deletions: If Purchaser requests any changes, revisions or additions which would increase any of the budgeted amounts shown in the production cost summary, Phase 3 is not required to make any such changes, revisions, or additions until Purchaser has agreed to the additional amount to be paid for the changes, additions or revisions. Payment for any Changes or Additions shall be made within 10 days of completion of said Changes or Additions.

5. Property Rights: All rights, title and interest in and to the Production and edited masters as required to produce duplicates of the Production shall vest in Purchaser upon payment of the final amount due to Phase 3 for the Production. Any materials used to produce the Production, including camera and sound originals, remain the property of Phase 3. Phase 3 shall have the right to copy or copies of the Production to be used as follows: A. In its library for reference, B. For demonstration purposes to other clients, and C. Entry of the Production in festivals by Phase 3 to demonstrate and display production that it has produced.

6. Termination of Agreement: This agreement may be terminated by the mutual written signed consent of both parties hereto. Upon termination Phase 3 shall stop work and shall be paid for all work done to date per the amounts shown in the Production cost summary and any changes thereto plus the total production fee as set forth in the production cost summary. Such amount, plus interest as applicable, shall be paid to Phase 3 within thirty (30) days after the date of termination.

7. Indemnification: Purchaser shall defend, indemnify and hold harmless Phase 3 from any claims or lawsuits that may arise from statements or claims made in the Production.

8. Force Majeure: If the performance of Phase 3 is interrupted or delayed by any occurrence not occasioned by the conduct of Phase 3, whether that occurrence is (but not limited to) an act of God or public enemy, caused by war, riot, storm, inclement weather, talent illness or disabilities, labor disputes or strikes, earthquake, fire, flood, accidents, hurricanes, theft, sabotage, the acts of anyone not party to this agreement or any other condition or calamity that may present itself that would delay or prevent the production process beyond the control of Phase 3, then Phase 3 shall be excused from performance for whatever period of time after the occurrence is reasonably necessary to remedy, overcome or outlast the effects of that occurrence.

9. Insurance: Phase 3 will provide liability insurance for any and all items under its care, custody and control with the exception that Purchaser shall be responsible for the insurance of all items provided by Purchaser including but not limited to products, props, locations and talent.

10. Independent Contractor: This agreement does not create a relationship of employer/employee, joint venture or partnership by and between the parties hereto. Phase 3 is an independent contractor bound to perform the duties as required by the terms and conditions of this agreement.

11. Jurisdictional: This agreement shall be interpreted and construed in accordance with the laws of the State of California. Jurisdiction for any cause of action that has to do with any term or condition of this agreement shall be filed within the State of California, whether in a state or federal court.

12. Entire Agreement: This agreement contains any and all prior oral and written agreements, understandings, representations, covenants and warranties in regard to the Production. This agreement may not be changed, modified or altered except by a writing signed by the parties hereto.

13. Attorney's Fees: If either party hereto must retain the services of any attorneys to enforce any term, condition or covenant of this agreement or must file a cause of action for enforcement or collection thereof, the prevailing party shall be entitled to active attorneys' fees, and its costs and disbursements, to prosecute said action.