**INVESTOR FINANCING AGREEMENT**

This Agreement is made as of \_\_\_\_\_\_\_\_\_\_\_\_, by and between \_\_\_\_\_\_\_\_\_\_\_\_\_, an individual resident of \_\_\_\_\_\_\_ (hereinafter referred to as "Investor") and YOUR PRODUCTION COMPANY NAME, a California limited liability company (hereinafter referred to as the "Production Company") regarding an investment of $5,715.00 per one percent (1%) net profit in consideration of acquiring the right to share in the percentage equity of the motion picture entitled "YOUR FILM NAME HERE" ("Picture") to be produced by the Production Company.

1. The Picture and Production Arrangements: The Picture shall be based upon that certain screenplay of the same title written by JOHN Q. PUBLIC and shall be produced by the Production Company.

2. Distribution of the Picture: The Production Company shall use its reasonable best efforts to cause the Picture to be exploited in all markets and media, so as to maximize the monetary return to be derived by the Picture. To that end, the Production Company shall endeavor to arrange for third parties to distribute and/or exploit the Picture on such commercially reasonable terms as the Production Company might be able to obtain. The Production Company shall be entitled to reimbursement out of such distribution proceeds of any reasonable direct out-of-pocket third party costs or charges it might incur in connection therewith. Further, if the Production Company is unable to arrange for third parties to distribute or exploit the Picture, Production Company shall have no obligation itself distribute or exploit the Picture; however it will make good faith efforts to exploit the Picture.

3. Recoupment/Sharing of Net Proceeds: Recoupment of Investment; Percentage Share of Profits shall be disbursed in the following order:

(a) “All-in Budget:” Production Company recoups costs of production, including “all-in budget,” as defined in Paragraph 6 below, including any distribution and marketing expenses.

(b) Investment Recoupment: In consideration of the Investor making that financial contribution called for in paragraph 4 hereof, the Production Company shall pay or cause to be paid to the Investor the following from the available cash, after payment of 3(a) “all-in budget.” One Hundred percent (100%) of any and all amount invested as that term is defined in paragraph 4 from exploitation of the Picture. Investor’s share is placed under the control of the Production Company for the purposes described herein, until the Investor is repaid in full.

(c) Net Profit Participation: One percent (1%) of all net profits of the Picture as that term is defined in the Picture's distribution agreement(s). Production Company will make a good faith effort to establish consistency in this definition, though Production Company’s failure to do so will not constitute a breach of this Agreement. For avoidance of doubt, Investor shall be entitled to one percent (1%) of net profits for each Five Thousand Seven Hundred and Fourteen Dollars (US$5,715) invested. The net profits participation of the Investor as described in this sub-paragraph 3(b) shall continue so long as the Picture is generating net profits based on its distribution and exploitation in any, every and all markets and media, except that the Investor shall have no interest in whatever residual value the Picture may have, if any, following the completion of such third-party distribution and exploitation, i.e., the Investor shall have no interest in whatever value, if any, the Picture may have as part of a library of films that the Production Company has produced or will produce in the future.

(d) Third Party Net Profit Participations: The Production Company shall be free to grant additional net profit participation interests to such third parties as it might elect without first obtaining the Investor's consent thereto.

4. Investor's Monetary Contribution: The Investor shall deliver a cashier's check in the amount of $\_\_\_\_\_\_\_\_, for which said Contribution shall equal to \_\_\_\_\_\_\_% of net profit to the Production Company payable to the Production Company's designated Account.

The Investor agrees Investor shall be at risk on such amounts in the event, for any reason, the distribution and exploitation of the Picture fails to generate net profits.

5. No Investor Approval Rights: The Investor shall not have approval or consultation rights with regard to the budget, casting, personnel, business or creative aspects of the Picture whatsoever.

6. Budget: It is intended that the direct cash cost budget of the Picture be $200,000 or less, and deferment of up to $50,000, for a budget of $250,000, inclusive of overhead and pre-production expenses incurred by the Production Company (the "All-in Budget").

7. Representations and Warranties: The Production Company hereby represents and warrants to the Investor that:

(a) Powers and Authority: It is duly incorporated, validly existing and in good standing. It has the corporate power and all necessary rights and title to enter into and perform this Agreement and the transactions contemplated hereby or referred to herein and has taken all necessary action to authorize the entry into and performance of this Agreement and such transactions.

(b) Legal Validity: This Agreement constitutes a legal, valid and binding obligation of the Production Company and is in proper form for enforcement against it.

(c) Consents: Authorizations, approvals, consents, exemptions, notarizations and other matters, official or otherwise, required by the Production Company or advisable in connection with the entry into, performance, validity and enforceability of this Agreement and the transactions contemplated hereby the Production Company have been obtained or effected and are in full force and effect (other than the registration of security interests to be created pursuant hereto).

(d) Litigation: No litigation, arbitration or administrative proceedings are threatened or, to its knowledge, pending which call into question the validity or performance of its obligations hereunder.

(e) Copy Documents: Each copy document delivered to the Investor by or on behalf of the Production Company under or in connection with this Agreement and/or any prior negotiation between the Production Company and the Investor constitutes a true and complete copy of the document of which it purports to be a copy and all facts, circumstances and other documents which might materially affect their interpretation have been disclosed in writing to the Investor.

(f) Material Information: All information which might be material to a person assuming the obligations and acquiring the rights assumed and acquired by the Investor pursuant to this Agreement, including but not limited to fact that **Investor further agrees that Production Company has fully disclosed in writing the high risk nature of the motion picture industry in general, and in this investment in particular,** and there are no facts or circumstances which might make such information misleading or inaccurate.

8. Indemnification by Production Company and Investor: The Parties mutually represent and warrant that it shall, at its own expense, indemnify, save and hold harmless the other party from and against any and all claims, demands, causes of action, obligations, liability, loss, damage, cost and expenses (including reasonable attorneys' fees), incurred or sustained by reason of or arising out of any breach or alleged breach of any of the warranties, representations or agreements herein made by the other party, or from any reliance upon any such warranties, representations or agreements. If any third party or entity shall make any claim or institute any suit or proceeding alleging any facts, which, if true, would constitute a breach by the Production Company, of any warranty, representation or agreement herein made, the Production Company shall give prompt written notice of same to the Investor, and the Production Company shall undertake at its own cost and expense the defense thereof and shall supply competent and experienced counsel to defend any such suit or proceeding.Investor further agrees that to enter into the investment as a knowledgeable Investor. The Investor may also engage his own counsel in connection with any such suit or proceeding.

9. Accounting and Reports by Production Company: (a) The Production Company shall maintain complete books and records with respect to the distribution and exploitation of the Picture. The Production Company shall render to the Investor, on an annual basis for the first two years after initial distribution of the Picture, a written statement of monies due the Investor hereunder, if any ("Investor Statement"), and such Investor Statement shall be accompanied by remittance of any amount shown to be due to the Investor thereon. Thereafter, Investor Statements and payments shall be provided annually for as long as the Picture generates net profits. If the Production Company in any Investor Statement makes any error, the Production Company within two (2) years may correct it thereafter by making any necessary deductions or additions on subsequent Investor Statements, or at the Production Company's option by rendering an Amended Investor Statement. Each Investor Statement shall be rendered within forty-five (45) days following the end of each accounting period. Any Investor Statement rendered by the Production Company hereunder shall be deemed conclusively true and correct and binding upon the Investor, shall constitute an account stated and be incontestable unless the Investor delivers to the Production Company in writing specific objections, setting forth specific transactions or items objected to and the basis of such objections, within three (3) months from the date of such Investor Statement. Any recovery by the Investor shall be limited to those items specifically objected to in writing by the Investor within said three (3) month period.

(b) The Investor shall have the right to examine the books and records of the Production Company to the extent they pertain to the Picture. Such examination shall be made during reasonable business hours, upon reasonable advance written notice, at the regular place of business of the Production Company where such books and records are maintained, and shall be conducted on the Investor's behalf and at the Investor's expense by the Investor's designee. Such examination shall not be made more frequently than once with respect to any accounting period or Investor Statement rendered hereunder. With respect to any accounting period for which an Investor Statement has been rendered by the Production Company, such examination shall be permitted only for a period of one year from the date such Investor Statement was received by the Investor. Investor’s may only review one accounting period at a time. Investor's examination shall be limited to those records relating to the Picture and under no circumstances shall the Investor have the right to examine records relating to the Production Company's business generally or relating to other motion pictures for purposes of comparison or otherwise.

(c) No action, suit or proceeding arising out of this Agreement or concerning the Investor Statement or other accounting rendered by the Production Company hereunder or to the period of time to which such Investor Statement or accounting relates may be maintained against the Production Company unless commenced within six (6) months after the date such Investor Statement or accounting is received by the Investor.

10. Relationship of Parties: The Investor and the Production Company each acknowledge that they are independent contractors and that no partnership, joint venture, agency or employment relationship has or will be created by this Agreement.

11. Business Opportunities: Each of the parties acknowledges that this Agreement relates only to the Picture and than none of the parties will in any way be restricted from any other business activity (including any motion picture activity), whether or not competitive to the Picture, it being agreed that so-called "corporate and/or joint venture opportunities" or fiduciary opportunities in relation to any such other activities are hereby waived by each of the parties.

12. Additional Documents: Each of the parties agree to execute any additional documents which may be required or be desirable to fully effectuate the purposes and intent of this Agreement or to carry out the obligations of the parties hereunder, provided that they are not inconsistent with the provisions of this Agreement.

13. Notices: All notices hereunder shall be in writing and shall be mailed first-class by U.S. Postal Service delivery to the Investor or the Production Company, as the case may be, or by registered or certified mail, return receipt requested, or by FAX, addressed as follows:

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| --- | --- |
| Investor: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Address: | YOUR PRODUCTION COMPANY NAME  123 MAIN STREET  HOLLYWOOD, CA 90049 |

Any party may change its address at any time by written notice to the other parties. Notices served by mail shall be deemed to be served three (3) business days next following deposit in the U.S. mails, and in the case of telegrams on the next business day following delivery of the notice to the telegraph office, charges prepaid.

14. Assignment: Investor shall not have the right to assign all or any part of its right or obligations hereunder without the prior consent of the Production Company, except that nothing contained in this sentence shall prevent any party from assigning its right to receive monies hereunder.

15. Miscellaneous: (a) This Agreement may not be modified except by written agreement signed by each of the parties hereto.

(b) This Agreement shall in no event be construed as a third party beneficiary contract and is not intended for the benefit of any person or company whomsoever except the parties hereto.

(c) No waiver by one party of a breach or default by the other party shall be deemed to be a waiver of any preceding, continuing or succeeding breach of the same or any other provision of this Agreement.

(d) Each party acknowledges that no representation or warranty not expressly set forth in this Agreement has been made or relied upon by the other party, it being agreed that this Agreement constitutes the entire Agreement of the parties regarding the subject matter hereof and supersedes all prior Agreements with respect thereto.

(e) This Agreement has been entered into in the State of California and shall be construed and enforced under and subject to the laws of said state.

(f) Should there be any dispute between the parties concerning the interpretation of this Agreement or concerning an alleged breach of this Agreement, which the parties are unable to resolve after consultation with each other, such dispute shall be decided by arbitration pursuant to the regulations and procedures of the American Arbitration Association. The parties agree that any award rendered by the American Arbitration Association may be entered in the appropriate state or federal court located within the state of California. Investor agrees that it waives its right to injunctive relief in the event of breach of this Agreement by Production Company.

16. Attorneys' Fees: In any action or proceeding between or among the parties hereto to interpret or enforce any of the provisions hereof, the prevailing party shall, in addition to any other award of damages or other remedy, be entitled to reasonable attorneys' fees and costs.

WHEREFORE, the parties have executed this Agreement on the date first above written.

Investor:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

YOUR PRODUCTION COMPANY NAME   
  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_