

**SCREEN ACTORS GUILD
MODIFIED LOW BUDGET AGREEMENT**

The Screen Actors Guild (hereinafter "SAG" or "the Guild") has agreed, on a trial basis, to modify, to the extent hereafter set forth, certain terms and provisions of the current Screen Actors Guild Codified Basic Agreement for Independent Producers (hereinafter "Basic Agreement") with respect to the employment of performers in the motion picture presently entitled " _____ " (hereinafter the "Picture").

_____ (hereinafter "Producer") acknowledges receipt of a copy of the Basic Agreement.

IT IS THEREFORE AGREED BETWEEN PRODUCER AND SAG;

1. Acceptance as Signatory Producer

Upon signing this Agreement and its acceptance by the Board of Directors of the Guild, Producer will be signatory to the Basic Agreement.

2. Qualification to Produce under this Modified Low Budget Agreement

Producer has represented to the Guild that the Picture is a feature-length motion picture (not less than 80 minutes), with an initial theatrical release, to be filmed entirely within the United States and a total production cost of less than \$625,000. "Total production cost" includes any costs associated with the production, including but not limited to all "above and below the line" costs. Prior to the execution of this Agreement, Producer is required to submit to the Guild a complete, accurate detailed budget, the shooting script, the shooting schedule, the screenplay copyright ownership and registration documentation and any other relevant information, which the Guild may require to verify your representations with regard to the Picture. The terms of this Agreement shall not apply to animation projects.

3. Diversity in Casting Incentive

The total production cost maximum, as referenced in section 2 above, may be increased to \$937,500 if Producer has demonstrated diversity in casting by meeting the following criteria:

- A) A minimum of 50% of the total speaking roles and 50% of the total days of employment are cast with Performers who are members of the following four (4) protected groups:
 - 1) Women
 - 2) Senior Performers (sixty (60) years or older)
 - 3) Performers with Disabilities
 - 4) People of Color (Asian/Pacific Islander, Black, Latino/Hispanic and Native American Indian) and;

- B) A minimum of 20% of the total days of employment is cast with performers who are People of Color.

For purpose of clarification: A motion picture with a cast of ten (10) speaking roles shall have at least five (5) Performers from any or all of the protected groups and two (2) of whom shall be People of Color. Under no circumstances shall an individual be counted in more than one category.

4. Background Actor Employment Incentive

Although this agreement does not require coverage of Background Actors pursuant to Schedules X-I or X-II, as an incentive to provide employment opportunities for Background Actors in those areas where the Screen Actors Guild has jurisdiction, the Guild will agree to increase the applicable total production cost maximum in Section 2 or 3 by \$100,000 if the producer meets the following criteria:

- A. Producer shall employ a minimum *average* of three (3) SAG covered Background Actors for each day of principal photography, not including rehearsal days, over the course of the production. [Example: If a production has 20 production days, Producer would be required to employ at least 60 (3 x 20) Background Actors on the production. The requirement would be met by employing 3 Background Actors per day on all 20 days or by utilizing covered Background Actors on specific days to meet the required number.]
- B. Producer must notify SAG in writing of their intent to utilize this incentive prior to the commencement of principal photography. Failure to do so shall render this incentive invalid, regardless of how many SAG covered Background Actors are employed on the production.
- C. In order to verify compliance with this incentive, Producer must submit detailed weekly payroll reports for the SAG covered Background Actors in addition to having met its existing contractual obligations to submit the daily Production Time Reports. Failure to provide both sets of documents shall render the utilization of this incentive invalid.
- D. All terms of Schedule X-I or X-II shall apply to the employment of Background Actors employed pursuant to this incentive.”

5. Minimum Salaries

- A) Each Performer employed in the Picture shall be paid not less than the minimums as set forth below:

Day Performer	\$ 268
Daily Stunt Performer	268
Weekly Performer (5 day week)	933
Weekly Stunt Performer (5 day week)	1001

Stunt Coordinators

Rates for Daily, Weekly and “Flat Deal” Stunt Coordinators track the rates in Schedule K-I, K-II or K-III of the Basic Agreement that are current at the time of photography.

Singers employed by the day

Solo/Duo	\$ 289
Group 3-8	255
Group 9 or more	222
Mouthing 1-16	216
Mouthing 17 or more	167
Sweetening (w/ or w/o overdubbing)	
additional per day	+100%
Overdubbing only, an additional	+33-1/3%

<u>Singers employed by the 5 day week</u>	
Solo and duo	\$ 933
Group 3-8	856
Group 9 or more	778

<u>Step Out Rates per day</u>	
Up to 15 cumulative bars	\$ 145

16 + cumulative bars, or if detained after group is released to perform a solo or duo of any length	289
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<u>Contractor Rate:</u>	
3-8 singers	+50%
9 or more singers	+100%

<u>Dancers employed by the day</u>	
Solo and Duo	\$ 268
Group 3-8	234
Group 9+	205

<u>Dancers employed by the 5-day week</u>	
Solo and Duo	\$ 933
Group 3-8	848
Group 9+	782

B) Payroll

All payments shall be made by net check, payable to the order of the individual Performer entitled thereto and delivered to the Guild. Each check must be accompanied by a separate written statement indicating dates worked, overtime, adjustments, reimbursements, payroll deductions and name and address of the Performer's "employer of record." At the discretion of the nearest SAG office, signed payroll sheets or slips and photocopies of the checks sent to Performers shall be delivered instead.

6. Overtime, Premium Pay and Liquidated Damages

Premium pay and liquidated damages shall be computed and paid to all Performers as provided in the Basic Agreement and shall be based on the Performer's contractual salary. However, all daily overtime for Day Performers and Weekly Performers through the 12th hour of the Performer's day shall be paid at "time and a half" the straight time rate. Daily overtime beginning with the 13th work hour shall be paid at double the straight time rate.

7. Consecutive Employment

Subject to each Performer's written consent, which must be given prior to commencement of employment, the Guild waives the application of its consecutive employment rules for Day Performers and Weekly Performers; however, Weekly Performers must be employed and paid in units of no less than one (1) full week. Additional days in any final partial workweek for a Weekly Performer may be prorated at one-fifth of the weekly base rate for each day from commencement of the Performer's work in such workweek until Performer's final dismissal. Subject to the foregoing, Weekly Performers may be dismissed and recalled

without payment for intervening days. In exchange for this waiver, Producer agrees to waive your right to exclusive services of the Performer during photography. Scheduling shall be subject to each Performer's availability.

Notwithstanding the provisions of this Section, any Performer who is not returned to the city from which the Performer is based shall be paid for each day (whether worked or not) in accordance with the appropriate consecutive employment rules in the Basic Agreement until the Performer is so returned by Producer.

8. Rehearsal Payments

All time worked, including overtime, on days involving rehearsal only (no other work) shall be paid at straight time rates under this Agreement.

9. Waiver for 6th Day Shooting Schedules

Provided each Performer is given at least thirty-six (36) consecutive hours off in each seven (7) days and subject to each Performer's prior written consent, a Performer may be called for work on a sixth consecutive day of work without the payment of a premium. Provided, that Performer is paid not less than an additional day's pay (one fifth of the weekly rate for a Weekly Performer) for each such sixth day. The sixth day for both Day Performers and Weekly Performers shall be limited to eight (8) consecutive straight time hours. Any time worked beyond the eighth hour on the sixth day shall be paid at the overtime rates described in section 5 above.

10. Travel

- a) The applicable travel provisions of the Basic Agreement are modified as follows: A performer shall be deemed to be on an "overnight location" when it is necessary for the performer to remain away from his/her residence overnight for one or more nights, regardless of the location of the producer's base.
- b) Whenever the performer is required to travel away from his/her principal place of residence for whatever purpose, compensation for time spent in travel shall be paid by Producer in addition to transportation expenses and per diem. Producer must furnish lodging and per diem to the performer until the performer is returned to the original place of departure.
- c) Except as modified herein, when Producer is required to provide transportation for a Performer all applicable provisions of the Basic Agreement shall apply, except when air travel is required, Producer may travel a Performer in coach class on a commercial airline. Notwithstanding, if any member of the production staff is flown any class other than coach, all Performers must be flown in the same higher class.

11. Responsibilities of Producer

A) Record Keeping

Producer shall maintain and submit to the Guild each week complete production records including but not limited to production time reports and employment contracts. At the conclusion of principal photography, a Final Cast List Information Sheet shall be submitted stating the gross salaries paid thus far to all Performers and whether or not additional photography or sound recording shall be required. Note that failure to submit such reports subject Producer to the assessment of significant damages as detailed in the Basic Agreement.

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- B) You agree to hold at least one (1) interview session during the casting period at which (with or without appointments) only professional performers will be considered for the cast.

C) Auditions

Producer agrees to submit to the Guild at least seven (7) days prior to any submission to agents, a cast breakdown setting forth a definitive description of each character in the production and instructions for Performer submissions. Producer shall utilize an audition sign-in sheet for all auditions or interviews, as required by the Basic Agreement.

D) Pension & Health Contributions

Producer's contribution to the SAG-Producer Pension and Health Plans as provided in the current Basic Agreement (at the rate of 14.8% of all gross compensation for Performers and 14.5% for Background Actors for the period from July 1, 2005 to June 30, 2008) shall be payable at the time of production. Such payments shall be made to the SAG-Producer Pension and Health Plans concurrently with payment of such salaries to the Performer. Copies of the Pension and Health Report filed with such contributions shall be filed weekly with the Guild office.

E) Social Security, Withholding Taxes, Unemployment & Disability Insurance

All compensation paid to Performers under the terms of this Agreement shall constitute wages and is subject to deductions for Social Security, Taxes and Disability Insurance. Producer shall make the required payments, reports and withholding deductions with respect to such taxes and premiums. Producer shall also provide unemployment insurance for Performers employed by Producer.

F) Final Cost Report

Upon completion of principal photography, Producer shall submit to the Guild a detailed report of actual expenditures and other relevant materials as the Guild may require, showing actual cost of the production. In the event that the actual production costs for the Picture have exceeded \$625,000 (or \$937,500 under the Diversity in Casting Incentive), full payment of any additional sums necessary to bring each Performer's rate of pay in compliance with the minimum rates specified in the SAG Letter Agreement for Low Budget Theatrical Pictures (hereinafter, "Low Budget Agreement") automatically shall become due and payable. However, if the actual cost of the Picture exceeds the budget limit specified in the Low Budget Agreement, the minimum rates, terms and conditions specified in the then-current Basic Agreement shall become due and payable instead. Pension and Health contributions shall also be paid on these additional amounts.

G) Film Clips

On the request of any Performer appearing in the picture, Producer shall supply or make available to such Performer, no later than six (6) months following completion of principal photography, a film clip of a portion of his/her performance at actual cost.

H) Acknowledgment

The following statement shall be incorporated in the credits of the Picture: "Special Thanks to Screen Actors Guild." Producer shall include the SAG logo or union bug in the credits of the Picture. Contact your Business Representative at the local SAG branch for artwork.

12. Initial Theatrical Release Required

As indicated in Section 2 of this Agreement, an initial theatrical release of the Motion Picture is required. Except as provided below, initial release into any non-theatrical market will require “step-up” payments to performers equivalent to all terms and conditions, including consecutive employment, of the Basic Agreement in effect at the time of principal photography. However, the “step up” payments shall not be due if, after three (3) years from the end of principal photography, the picture fails to get a theatrical release and is initially released in the video/DVD, pay or free television markets. In either instance, the picture shall remain a “theatrical motion picture” for all residual purposes of the Basic Agreement, as modified herein, and shall not be reclassified as a “Made for Pay” or “Free Television” motion picture. Residuals will be due in accordance with General Provisions, Section 5.2 of the Basic Agreement.

For all internet exhibition, producer shall pay performers an aggregate sum equal to three and six-tenths percent (3.6%) of the license fee paid by the licensee for the right to exhibit such picture on the Internet.

Prior to the initial theatrical release of the Picture, Producer must notify the Guild in writing, of the date, city and theater where such initial theatrical release is to take place. The notice is to be addressed to the attention of the Theatrical Contracts Department of the Branch where the film was signed. Failure to provide such notification shall be considered a substantial breach of this Agreement, and all minimum terms of the current Basic Agreement shall apply to the entire production.

13. General Provisions

A) Security and Assumption Agreements

Producer agrees to execute, concurrently herewith, documents necessary to grant the Guild a first position security interest in the Picture, to secure all payments, which may be due Performers or the Guild in connection with the Picture.

If Producer enters into a distribution agreement for the distribution of the Picture on free television or supplemental markets, or if Producer sells, transfers, or assigns the rights in the Picture, Producer shall obtain from the distributor or the purchaser, as the case may be, a Distributor's Assumption or Buyer's Assumption Agreement, in the forms set forth in the Basic Agreement, and such Assumption Agreement shall be promptly delivered to the Guild.

Producer agrees to provide all financial assurances required by the Guild in connection with the employment of performers in the Picture.

B) Minors

The provisions of the Basic Agreement with respect to the employment of minors shall be applicable to the engagement of minors hereunder.

C) Arbitration

The provisions of the Basic Agreement with respect to the arbitration of disputes shall be applicable to the employment of Performers hereunder.

D) Application of Basic Agreement

Except as expressly modified herein, all terms and conditions of the current Screen Actors Guild Codified Basic Agreement for Independent Producers shall apply to the engagement

and performance of the Performers hereunder.

E) Application of Agreement

This Agreement applies to the above-designated Picture only. It is understood that the special provisions applicable to Modified Low-Budget pictures represented by this Agreement are experimental and designed to encourage the employment of Performers in such pictures under fair and equitable terms and conditions. If the Guild shall determine at any time that the continuance of said policy is not in the best interests of Performers, the policy may be changed or terminated with respect to any future production of Modified Low-Budget pictures.

F) Successors and Assigns

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Your signature in the space provided below will indicate your agreement to the provisions hereof.

Very truly yours,

SCREEN ACTORS GUILD, INC.

By: _____ Title: _____

ACCEPTED AND AGREED TO:

By: _____ Date: _____
(Signature)

(Print Name/Title)

For: _____
(Company)