

“STEAL THE NAUGHTY LIST”

PRODUCTION FINANCING AGREEMENT

This Production Financing Agreement (the “Agreement”) is dated as of _____, between List Movie Production LLC, a Mississippi limited liability company (the “Production Company”) and _____ (the “Financier”). Production Company and Financier are each “parties” to this Agreement.

RECITALS

Whereas Production Company wishes to develop, produce, and exploit an animated film with a working title of STEAL THE NAUGHTY LIST (the “Film”) from an original screenplay written (and to be directed) by Nathan VonMinden.

Whereas Nathan VonMinden is an experienced filmmaker. Production Company was formed to produce the Film.

Whereas Financier desires to provide financing for the production costs of the Film.

AGREEMENT

Now therefore, for and in consideration of the mutual covenants herein set forth, the parties agree as follows.

1. TERM: The term of this agreement shall commence on the date set forth in the caption of this Agreement and shall continue until completion of the Film and delivery of the Film to a distributor.
2. BUDGET: The Film currently has an estimated production budget (subject to amendment or revision) of \$500,000.00 for all costs through production and editing. The estimated production budget does not include costs for marketing, advertising, or distribution.
3. CHAIN OF TITLE: All copyrights to the Film and screenplay are owned by Nathan VonMinden. It is intended that Production Company will entered into an Exclusive Option Agreement for the acquisition of rights to the Film from Nathan VonMinden.
4. SHOOTING LOCATIONS: Because the Film is animated, the Film will not be shot on location, but will instead be created and edited in a film production studio.
5. DELIVERY DATE: The Film will tentatively be scheduled to be produced and delivered for distribution in calendar year 2024, however this estimate is subject to amendment or revision.
6. DEFINITIONS:

6.1“Budget Overage” means the actual and total cash production costs and expenses for the Film that are deemed by the Production Company to exceed the Film’s Budget. In the event of a Budget Overage, the Production Company retains the right to seek additional Financing.

6.2“Budget Underage” means the actual and total cash production costs and expenses for the Film that are deemed by the Production Company to be less than the Film’s Budget. The amount of Budget Underage shall be distributed to the Financing Group and shall be applied to reduce Financier’s (and all other members of the Financing Group’s) Recoupment Amount.

6.3“Distributable Cash” means the sum of all Gross Revenues and any and all other sources resulting from any pre-sale, sale, distribution, exhibition or exploitation of the Film, less all Budget disbursements, Participations and Deferments, and a reasonable allowance for reserves, contingencies and anticipated obligations (including but not limited to distribution and platform fees not deducted by the Distributor, legal and accounting fees, union dues and fees, marketing, and advertising) as determined by the Production Company.

6.4 “Distribution Frequency” means that Production Company shall cause Distributable Cash, if any, to be distributed quarterly for the first two years after the Film’s delivery for exhibition (the “Release Date”). After the second year, distributions of Distributable Cash shall be made semi-annually.

6.5 “Distribution Waterfall” means that all Distributable Cash shall be distributed pari passu (at the same rate on equal footing) to Financing Group (70% of Distributable Cash both pre and post Recoupment) and Production Company (30% of Distributable Cash both pre and post Recoupment).

6.6“Financing” is defined as set forth in Section 8.1.

6.7“Financing Group” means the Financier and all other individuals, entities, groups of individuals, groups of entities, or combinations thereof, that fund the Budget.

6.8“Gross Revenues” means all revenue receivable and received by the Production Company from the Film’s theatrical, home video exhibition, electronic distribution (including download to own, electronic sell-through, streaming, and any other form of digital rights revenue), television broadcast/exhibition (including free, VOD, pay-per-view, pay, cable and the like), and mobile broadcast/exhibition and distribution with respect to the Film and trailers thereof, and excerpts and clips therefrom, in any and all languages and versions, including dubbed, subtitled and narrated versions.

6.9“Participant” means an individual or entity that has contracted to render services in connection with the pre-production, production or post-production of the Film and has agreed to accept deferred contingent compensation through Participation.

6.10 "Participation" (also sometimes referred to as "Back End Participation") means deferred contingent compensation for certain individuals or entities who have contracted to render services in connection with production of the Film that is earned and payable from Distributable Cash instead of from the Budget.

6.11 "Recoupment" means the point at which the Financing Group has received distributions from Distributable Cash equal to the amount of the Budget.

7. ACCOUNTINGS/AUDIT:

7.1 Production Company shall render or cause to be rendered to Financier a "negative cost statement" (the actual cost of producing and shooting a film) within forty-five (45) days after editing and release for distribution. [Note: the term "negative cost" derives from an earlier period in film history when productions were actually shot on celluloid and costs were accrued up to the point of the completed or final negative print.] Production Company shall thereafter provide accountings in conjunction with Distributable Cash distributions.

7.2 Financier may, at Financier's own expense, but not before the rendering by Production Company of a negative cost statement, directly audit Production Company's books and records relating to this Agreement. Financier may make such audit only for the purpose of verifying the accuracy of statements sent by Production Company or its accountants to Financier. Financier shall have the right to audit said books by notice to Production Company at least thirty (30) days prior to the date Financier intends to commence the audit. Said audit shall be conducted by an auditor in such a manner so as not to disrupt Production Company's other functions and shall be completed promptly. Financier may make such an examination for a particular statement only once and only within two (2) years after the date of any such statement is due as provided above. Any such audit shall be conducted only during Production Company's usual business hours and at the place where it keeps the books and records to be examined. Financier's auditor shall review his tentative findings with a member of Production Company's staff designated and made available by Production Company before rendering a report to Financier to remedy any factual errors and clarify any issues that may have resulted from misunderstanding. If the audit discloses errors or omissions amounting to a difference in Financier's favor of five percent (5%) or greater, with respect to the statements at issue in the audit, then Production Company shall pay the reasonable costs of such audit up to \$1,500.

8. FINANCING THE FILM:

8.1 Financier shall provide \$_____ in cash (the "Financing") to Production Company, the entirety of which shall be used and expended by the Production Company to fund the Budget of the Film, including use as Option funds, pre-production and post-production costs. The Financing shall be payable and delivered to the Production Company upon execution of this Agreement, and the effectiveness of this Agreement is contingent upon receipt of the Financing.

8.2 Upon execution of this Agreement and delivery of the Financing, the Financier is entitled to receive an individual film credit on the Film. The form and placement of such credit shall be in Production Company's sole discretion consistent with custom and usage in the U.S. film industry and consistent with production values established for the Film.

8.3 IRC Section 181 Deduction: A taxpayer may elect to treat the cost of any qualified film or television production as an expense which is not chargeable to capital account. Any cost so treated shall be allowed as a deduction. It is intended that at least 75 percent of the total compensation of the Film will be qualified compensation (meaning compensation for services performed in the United States by animators, voice actors, production personnel, directors, and producers), so that the Film will be a qualified film or television production. Financier should consult its own legal and tax advisor and shall not rely upon the Production Company for legal or tax advice.

8.4 This Agreement does not constitute the purchase of a property, proprietary or equity interest in the Film or the Production Company, but merely a right to a portion of Gross Producer Revenues payable from Distributable Cash, and the Financing is not a collateralized or tradable financial asset or debt security.

8.5 Investing in a film project is an inherently risky endeavor. Investors should never invest more than they can afford to lose, and the complete loss of the investment should not appreciably affect the investor's standard of living.

8.5 Financier acknowledges that all results and proceeds of Financier's investment in the Film is and will be treated as contributing to a "work made for hire." Production Company shall be deemed sole author of all results and proceeds. In the event such results and proceeds are determined not to be a "work made for hire," then Financier hereby irrevocably and exclusively assigns to Production Company, in perpetuity, all rights (including without limitation all copyrights and renewals and extensions thereof) in and to such results and proceeds.

8.6 Financier waives all so called "moral rights" of authors. The termination of this Agreement for any reason shall not affect Production Company's ownership of the results and proceeds of Financier's investment hereunder or alter any warranty, representation, covenant or undertaking on the part of Financier hereunder.

9. PRODUCTION OF THE FILM:

9.1 Production Company shall render services as the producer of the Film.

9.2 Production Company shall render services customarily rendered by producers in the U.S. film industry in connection with pre-production, production, and post-production of the Film. Production Company's services as producer shall commence on a date to be designated by the Production Company and shall continue through delivery of the completed Film.

9.3 Production Company shall provide services through qualified persons it deems necessary and proper (“Individual Personnel”). Individual Personnel shall render services for and as directed by Production Company for the period required for development, pre-production, production including principal photography, and post-production of the Film.

9.4 Services provided by Individual Personnel on the Film shall be rendered on an exclusive basis during pre-production and principal photography, and on a non-exclusive, priority basis at all other times hereunder.

9.5 Production Company shall have the discretion to make such decisions and enter into such agreements that are typically entered into by producers during production of films, provided that the terms of all such decisions, commitments, and agreements are consistent with the Film’s Budget.

9.6 Production Company shall have sole approval rights to each of the following Film production elements: Budget, cash flow schedule, insurance, Participations, Deferments, writers, director, principal cast, screenplay, credits, breakdown, pre-production schedules, production schedules, post-production schedules, shooting locations (both interior and exterior), music and soundtrack, key crew, and production counsel.

9.7 Production Company shall have final editing and cutting authority (“final cut authority”) over the Film.

9.8 The Film shall contain a copyright notice in the name of Production Company or its designee complying with all statutory requirements of the copyright laws of the United States or any country which is a party to the Berne Union or Universal Copyright Convention, such notice to appear in the main or end titles of the Film.

9.9 Production Company shall have the right to use, refrain from using, change, modify, add to, subtract from, and to exploit, advertise, exhibit, and display the Film in any manner and in all media, whether now known or hereafter devised, throughout the world, in perpetuity, in all languages, as Production Company in its sole discretion shall determine.

10. INSURANCE: Production Company shall obtain General Liability (i.e. film production insurance) and Producer’s Errors & Omissions (i.e. E&O insurance) coverages in amounts appropriate for the production of the Film. The cost of the insurance policies required shall be included in the Budget.

11. DEFAULTS, CURES, AND REMEDIES:

11.1 Financing default: If Financier fails to provide the Financing to Production Company without cause or other legal justification (a “Financing Default”):

a. Production Company shall have the right, but not the obligation, to suspend production of the Film until Financier satisfies its obligations to finance the Film, or to seek and obtain financing from other funding sources, including banks, private investors, pre-sales of the Film, or the like (“Alternative Funding”); and

b. Financier shall relinquish any rights (including the right to payments of Distributable Cash) in the Film and shall be entitled only to recoupment of out-of-pocket monies expended by Financier in production of the Film. Financier shall not have a right of immediate repayment but shall be paid out of available Distributable Cash if any.

11.2A Financing Default will not constitute a breach of this Agreement by Financier until Production Company has provided Financier with written notice specifying such failure(s) and Financier has failed to cure such breach within 48 hours after receipt of written notice. Financier agrees that Production Company may deliver any such written notice by electronic mail, fax, courier, overnight delivery service, or personal delivery.

11.3 Production Default: A Production Default will not constitute a breach of this Agreement by Production Company until Financier has provided Production Company with written notice specifying such failure(s) and Production Company has failed to cure such breach within 48 hours, if during production of the Film upon which the Production Default relates (a “Production Cure Period”), or ten days during any other time after receipt of such notice. Financier may elect to continue production of a Film during a Production Cure Period notwithstanding the absence or failure to perform by Production Company, Production Company shall fully cooperate with Financier in connection therewith and Production Company shall not take any action or fail to take any action that would interfere with the ability of Financier to continue a Film’s production during a Production Cure Period.

11.4 Distributor Default: No failure by Distributor to fulfill any of its obligations hereunder will constitute a breach of this Agreement by Distributor unless and until Financier has provided Production Company with written notice specifying such failure(s) and Distributor has failed to cure such breach within forty-five (45) days after receipt of such notice; however, Distributor must begin taking steps to cure the default within thirty days after receipt of Financier’s notice. Should Distributor fail to make any payment of Gross Producer Revenues that is required to be made under this Agreement, Distributor shall only have ten (10) days after receipt of notice to cure such breach.

11.5 Other Defaults: Except as set forth above, no failure by either Party to fulfill any of its obligations hereunder will constitute a breach of this Agreement by such Party unless and until the non-defaulting Party has provided the defaulting party with written notice specifying such failure(s) and the defaulting party has failed to cure such breach within thirty (30) days after receipt of such notice.

11.6 Remedies at Law: In the event of a breach by either of the Parties of the provisions of this Agreement, the aggrieved Party shall be limited to a remedy at law for money damages, if any,

within the context of the Dispute Resolution provision below, and in no event shall the aggrieved Party be entitled to enjoin or restrain the development, production, distribution or exploitation of the Film, or the use, publication or dissemination of any advertising, promotion or publicity in connection therewith, all such rights to injunctive relief being expressly and irrevocably waived.

12. REPRESENTATIONS & WARRANTIES: Production Company

12.1 Production Company is a limited liability company duly organized and existing under the laws of the State of Mississippi, and that it is a bona fide business entity established for a valid business purpose. Production Company has the full right, power and authority to enter this Agreement and grant the rights granted to Financier herein without the consent of any third party.

12.2 Production Company is not subject to any conflicting obligation or any disability that will or might prevent it from, or materially interfere with, the execution and performance of this Agreement.

12.3 Production Company makes no representation or warranty regarding the timing of release or the success of the Film, the amount or timing of Gross Revenues to be obtained from distribution of the Film, that Recoupment will be reached, or that Distributable Cash will be obtained.

12.4 Any material contributed to the Film by Production Company shall be wholly original with Production Company and the use thereof by the Parties will not, in any way, infringe upon or violate any copyright or any rights of privacy or publicity, common law rights, or any other rights of any third party or constitute a libel or slander against any person, firm or corporation.

12.5 Production Company shall not make any agreement committing Financier to pay any sum of money (other than as set forth herein) without first obtaining the prior approval of Financier.

13. REPRESENTATIONS AND WARRANTIES: Financier

13.1 Financier is an accredited investor based on income or net worth or is a bona fide business entity established for a valid business purpose. This is a private placement, and the Financing does not result from a general solicitation. Financier has the full right, power, and authority to enter this Agreement without the consent of any third party. FINANCIER IS FULLY COGNIZANT OF THE RISKS OF FINANCING A FILM PROJECT AND THE UNCERTAINTIES OF THE FILM BUSINESS, AND ACKNOWLEDGES THAT PRODUCTION COMPANY HAS MADE NO GUARANTEES REGARDING THE SUCCESS OR PROFITABILITY OF THE FILM.

13.2 Financier is not subject to any conflicting obligation or any disability that will or might prevent it from, or materially interfere with, the execution and performance of this Agreement.

13.3 Any material contributed to the Film by Financier shall be wholly original with Financier and the use thereof by the Parties will not, in any way, infringe upon or violate any copyright or any rights of privacy or publicity, common law rights, or any other rights of any third party or constitute a libel or slander against any person, firm or corporation.

13.4 Financier shall not employ any person, contract for the purchase or lease of any article or material, nor make any agreement committing Production Company to pay any sum of money (other than as set forth herein) without first obtaining the prior approval of Production Company.

14. INDEMNITY:

14.1 Each Party shall defend, indemnify, and hold harmless the other Party, any parent, affiliate, distributor, licensee or assignee of that other Party, and its and their respective owners, shareholders, members, managers, officers, directors, employees and agents from and against all third-party claims, losses, liabilities, actions, judgments, costs and expenses of any kind (including without limitation reasonable outside attorneys' fees and costs) (collectively, "Claims") arising out of or in connection with (a) any illegal act committed by the indemnifying Party in connection with any Film, or (b) any breach by the indemnifying Party of any representation, warranty, or agreement set forth in this Agreement.

14.2 A Party that seeks indemnification under this Agreement must promptly give the other Party notice of any legal action. Nevertheless, a delay in notice does not relieve the indemnifying Party of any liability to the indemnified Party, except to the extent the indemnifying Party shows that the delay prejudiced the defense of the action.

14.3 The indemnifying Party may participate in the defense at any time. Or it may assume the defense by giving notice to the other Party. After assuming the defense, the indemnifying Party:

- a. must select an attorney that is satisfactory to the other party;
- b. is not liable to the other party for any later attorney's fees or for any other later expenses that the other party incurs, except for reasonable investigation costs;
- c. must not compromise or settle the action without the other party's consent (but the other party must not unreasonably withhold its consent); and
- d. is not liable for any compromise or settlement made without its consent.

14.4 If the indemnifying Party fails to assume the defense within 10 days after receiving notice of the action, the indemnifying Party is bound by any determination made in the action or by any compromise or settlement made by the other Party.

15. ASSIGNMENT: Neither Production Company nor Financier shall have the right to assign any of their rights or delegate any of their obligations under this Agreement (except as otherwise

provided for herein) without the prior written consent of the other Party except that either party shall have the right to reasonably assign or entitlement to revenues hereunder by written notice of same.

16.PUBLICITY: Neither Party shall authorize or cause the release or dissemination of publicity (excluding non-derogatory incidental mention publicity) in connection with either Party's services pursuant to this Agreement or the Film produced hereunder without the approval of the other Party. Neither Party will issue any press release or public announcement that mentions the actual terms of this Agreement or the Film without the prior written approval of the other party. Either party may make public statements without the other Party's consent regarding the fact that it has a business relationship with the other Party, and that Production Company is distributing the Films.

17.CONFIDENTIALITY: Financier and Production Company each acknowledge that the terms and conditions of this Agreement and all information and data provided by each party to the other pursuant to this Agreement (collectively, "Confidential Information") are confidential. Each of Financier and Production Company agree that it will not use Confidential Information for any purpose other than in connection with the performance of its obligations or the exercise of its rights under this Agreement.

18.NO WAIVER: No waiver of any breach of any provision of this Agreement shall constitute a waiver of any other breach of the same or any other provision hereof, and no waiver shall be effective unless made in writing.

19.SEVERABILITY: In case of any mistake in this Agreement, including any error, ambiguity, illegality, contradiction, or omission, this Agreement shall be interpreted as if such mistake were rectified in a manner which implements the intent of the parties as nearly as possible and effects substantial fairness, considering all pertinent circumstances. Except as expressly provided to the contrary herein, if any of the provisions of this agreement should be held invalid or in violation of law by any court or other tribunal of competent jurisdiction, this Agreement and all other terms and provisions thereof shall nevertheless remain in full force and effect.

20.RELATIONSHIP OF PARTIES: Nothing herein contained shall be construed to create a joint venture or partnership between the parties hereto. Neither of the parties shall hold itself out contrary to the terms of this provision, by advertising or otherwise nor shall Production Company or Financier be bound or become liable because of any representations, actions, or omissions of the other.

21.GOVERNING LAW/JURISDICTION: This agreement has been entered into in the State of Mississippi, and the validity, interpretation, and legal effect of this Agreement shall be governed by the laws of the State of Mississippi.

22. DISPUTE RESOLUTION: Any controversy or claim arising out of, in connection with, or relating to this agreement, or the breach, default or arbitrability thereof, shall be settled by

arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

23.CAPTIONS: The captions of the various paragraphs and sections of the Agreement are intended to be used solely for convenience of reference and are not intended and shall not be deemed for any purpose whatsoever to modify or explain or to be used as an aid in the construction of any provisions.

24.AMENDMENTS IN WRITING: This Agreement cannot be altered, changed, modified, or amended in any way whatsoever except by a written instrument duly signed by authorized officers of Production Company and Financier.

25.ENTIRE AGREEMENT: This Agreement represents the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous representations, understandings, or agreements, oral or written, between the parties regarding the subject matter hereof.

By signing in the spaces provided below, the Parties accept and agree to all the terms and conditions of this Agreement effective as of the date first above written.

Production Company

List Movie Production LLC

By: _____
Nathan VonMinden, Manager

Financier

By: _____