

DISTRIBUTOR'S ASSUMPTION AGREEMENT

When a distributor acquires rights to distribute a film, the Basic Agreement requires the producer to obtain and deliver a Distributor's Assumption Agreement (DAA) so that the distributor assumes primary responsibility for the signatory producer's residuals reporting and payment obligations.

Items Needed: Copies of distribution agreements and sales agency agreements.

What If a DAA Cannot or Will Not Be Provided? If a producer cannot obtain a DAA from a distributor(s) or the sales agent is not requiring licensees to sign assumption agreements as a condition of sale, in order to settle the producer's breach for failure to provide DAAs, the union will accept a residuals reserve and/or become party to a collection agreement.

RESIDUALS RESERVES

Residuals reserves are cash deposits for the producer's use to pay future residuals when due.

How Reserves are Calculated: The union calculates reserves by reviewing factors such as genre, budget, cast and residuals paid on similar films. If the producer provides pre-sales and sales estimates, those figures are factored into the calculation.

Items Producer Needs to Provide: Copy of sales agency agreement with pre-sales figures and sales estimates ("ask/take" prices).



SAG-AFTRA.

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FINANCIAL ASSURANCES

THE DIFFERENT TYPES



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COLLECTION ACCOUNT MANAGEMENT AGREEMENT (CAMA)

CAMAs are agreements between parties with a financial stake in a project who are entitled to receive a portion of a film's gross receipts. These parties agree that all gross receipts will be deposited with a third-party account administrator and distributed in an agreed-upon order and amount.

The Union's CAMA Requirements

For a CAMA to be acceptable to the union, the CAMA must:

- (1) Be effective upon the first dollar of worldwide gross receipts;
- (2) Place the union's residuals set-aside in second position in the distribution schedule after only CAMA administrator's fees and expenses; and
- (3) Contain the customary language regarding the 6.2% SAG-AFTRA residuals set-aside and payment of residuals.

GUARANTIES

Guarantors are additional parties who agree to be responsible for the signatory producer's obligations if the producer defaults on its obligations under the Basic Agreement.

From Whom a Guaranty May Be Required

SAG-AFTRA may request guaranties from:

- Entities that are rights-holders on the SAG-AFTRA Security Agreement (other than the signatory producer);
- Parent companies of the signatory and/or copyright owners;
- Financially responsible parties enabling or controlling production.

Items Needed: All corporate structure documents (articles of incorporation/organization and bylaws/operating agreements) for the signatory, rights-holders and parent companies; financing documents; and complete chain-of-title.

SECURITY INTERESTS

SAG-AFTRA requires a security interest in all rights related to a film. This includes distribution rights.

What Will Be Required: All rights-holders will need to sign the SAG-AFTRA Security Agreement.

Items Needed: Complete chain-of-title (including all assignments, option/purchase agreements, proof of payments, sales agency and distribution agreements) to determine who owns the film and exploitation rights.

Additional: If other parties hold security interests in the film and exploitation rights, the union may request these documents to establish its lien priority position:

Intercreditor Agreement – Offered to known banks, bond companies and bona fide third-party production lenders.

Interparty Subordination Agreement – Required for all other secured parties, including equity investors, non-bank lenders, sales agents and distributors.