

# Global Financial Services

468 N. Camden Dr. Suite 305

Beverly Hills, Ca 90210

Phone: (310)860-7510 FAX: (310)358-9960

## Entertainment and/or Film Financing Agreement

**Dear Client:** Please read the enclosed carefully. After your free initial telephone consultation and approval we will proceed in accordance with the following two options which are available to you which we need you to FAX back. If you select Option 2 we will quote an initial retainer fee to you based on our estimate of work to be performed after our free consultation. We look forward to obtaining your funding accordingly.

### **A) Disclaimer:**

The entertainment industry is marked by numerous assumptions, expectations, personal opinions and misconceptions regarding the prospects of obtaining funding for a given project. As a result please take a few minutes to read the two following options for funding your request. We are available for in person and/or telephone consultations at our hourly rate after your free fifteen minute consultation if you decide to “think it over” and/or investigate other options which may be available to you. Neither of the following options should be construed as a guarantee that we and/or any of our affiliate lenders and/or investors can fund your project. Please select either option so we may commence work on your financing request.

**B) Designated Parties:** The parties to this Agreement are Global Financial Services, California business and loan consulting company located at 468 N. Camden Dr., Suite 305, Beverly Hills, California 90210 (hereinafter referred to as “Global”) and \_\_\_\_\_, with office located at \_\_\_\_\_, (hereinafter referred to as the “Client”). Both Global and the Client are collectively referred to herein as the “Parties” to this Agreement.

### **Option 1:**

Global represent specific finance groups, to whom we are correspondent and with whom we will be reviewing your transaction. Based upon the representations that have been made to us by you and subject to further review and “due diligence” of the required documentation our funding sources should be able to fund your transaction.

Should you elect this option and investor group that we represent will arrange for the guarantee of 85% of the total loan amount and will in return receive 35% equity in your film project. Any current equity value of your project prior to this transaction occurring will not be considered with respect to the investor groups 35% equity position. The investor group will typically guarantee 35% of the loan themselves and will syndicate 50% using other companies who are going to benefit from the closing of this transaction and will therefore consider guaranteeing a small portion of the facility. These other companies that will be called upon to post a guarantee of as little as 3 to 10% each could be comprised of as few as one or two entities or perhaps several

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different companies. Clearly they would have to be sources that stand to benefit handsomely from the completion of this transaction and thus would therefore consider such an arrangement. The principals of the investor group are expert at arranging such a relationship and will naturally enlist your assistance in same. Your company will be required to guarantee the remaining 15% of the loan with some form of a bankable guarantee such as a letter of Credit (LC). When the loan has been paid back you will be able to take back your 15% letter of credit and during the term of the loan you will receive the interest paid on the LC. Once the due diligence is completed and the investor group has arranged for the syndication of the guarantees, they will also arrange to bring in a major insurance company to provide the funding against this now 100% guaranteed loan. The loan will be structured as a 5 to 10 year credit facility and is typically priced at prime plus half of 1% to prime plus 1%. You will be required to pay for the costs of the lenders due diligence in connection with the closing of this transaction. The investor group will receive 2.5 points on the loan amount as an administrative fee, Global Financial Services will receive 2.5 points, and the insurance company that provides the insurance wrap will receive an annual 2.5 point fee for providing same. The insurance wrap assures the lender that should one of the guarantors go out of business that the 100% guarantee will remain in place. The investor group that structures the guarantee will be a silent financial partner and can be bought out at any time. They will generally require that you pay them approximately \$20,000 per month during the 60 to 90 day due diligence period to be credited against their 2.5% closing fee.

These payments are in addition to any other costs to you for third party reports, appraisals etc. they may be necessary as part of the due diligence to close the transaction. It is important to note that prior to you engaging the investor group to close this transaction you will have the opportunity to spend several hours with their principals in their New York offices so that both sides can fully explore all issues concerning the proposed funding project.

**If you wish to proceed with this option we will need the following:**

- 1. A 1 to 3 year projection showing anticipated revenue and net income reflecting the infusion of the loan in new capital.**
- 2. A specific breakdown of how the loan will be utilized**
- 3. A demonstration of your ability to guarantee presales of 30% on your project. Presales refer to the practice of licensing all or certain rights to a film project before it is produced, or while in the process of being produced.**
- 4. A listing of what distribution agreements you already have in place**
- 5. A statement of what your production group's equity contribution to the film's actual production will be.**

**Option 2:**

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As an alternative, we represent several hundred venture groups and small business investment companies that provide equity financing thorough the United States. We also represent a large number of private investors and venture groups that may also be able to finance your company's growth. These equity groups have different levels of interest depending upon the characteristics of the transaction (ie. industry type, geographic location, amount of financing requested, etc.) The percentage of equity ownership the funding source will require will be relative to the amount of financing your are requesting, is subject to the investors "due diligence" and a review of the capital structure of your company. We can present your transaction to qualified investor groups based on the funding size, industry and geographic considerations an well as taking into account the specific use of the proceeds and current company capitalization. Once retained we will begin our formal representation of your company with respect to the structuring of new equity funding. The amount of the advance retainer is usually in the range of \$5,000 to \$10,000, is non-refundable should you not accept the financing or it is not granted. The same documentation (See Option 1, Items 1-5) are required. If funding is granted and accepted by you then the retainer will be credited towards closing fees.

Please feel free to contact us if you have any questions.

## **C) Authorization of Agreement:**

I hereby understand and have reviewed the above-referenced Options with my associates and advisors and select **Option 1** \_\_\_\_\_, **Option 2** \_\_\_\_\_. I understand that due to the complex nature of the film industry funding cannot be guaranteed. I agree to cooperate with all reasonable requests for documentation requested by the investors as stated in above Option 1 regardless of which option I may select. All financial and related documentation to be forwarded to financial institutions is true and correct to the best of my knowledge. I agree to a non-refundable initial retainer in amount of \_\_\_\_\_ **(for Option 2 only)**.

## **D) Confidentiality, Non-Circumvention and Non-Disclosure:**

All terms, conditions and business transacted in connection with the enclosed Agreement is confidential and all parties connected to this Agreement hereby agree not to circumvent nor disclose the contents of same to any outside parties who are not a party to this intended transaction. It is further agreed that in the event that the Client and/or any affiliated friends, businesses, companies or entities associated with the Client decide at a later date to transact any non-related financing/investing with any of Global's business contacts, lenders, investors that are obtained from Global that the following will occur:

1. The Client and/or Client's related party(ies) will immediately inform Global of its intentions.
2. Neither the Client nor any of Clients' above-referenced affiliated parties will do business with Global's sources without the written authorization of Global along

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with compensation to Global to be arranged with the applicable party or parties.

I understand that this Agreement is governed and construed under the laws of the State of California, Los Angeles County. In the event that either party elects litigation to enforce the terms of this Agreement the prevailing party in any such litigation shall be entitled to recover all court costs and attorney fees from the other party. I understand this Agreement and have had sufficient time to review it with all parties and/or my legal advisor in connection with same.

## E) Nature of Project: (Please print or type information)

Title of Project : \_\_\_\_\_

Description of Project (Include Requested Dollar Amount and Use of Proceeds):

I understand and Agree to the Above:

\_\_\_\_\_  
Company Name (Print)  
(the Client)

\_\_\_\_\_  
(Dated)

\_\_\_\_\_  
By Authorized Representative (Print)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
Signature