

WHAT IS A COMPLETION BOND?

A Completion Guarantee on a motion picture or television series guarantees to the Investors, Beneficiaries and Financial institutions involved in the funding of independent production that the film will be completed for its budgeted costs in accordance with everybody's rights.

With the complexities arising out of so many parties to a film, and so many interests, the Guarantor may ultimately be the only party in the position to take the overall responsibility for the completion of a film.

B. THE SERVICES OF THE GUARANTOR INCLUDE –

1. An extensive review of the script, budget, shooting schedule, cash flow projections, underlying documents and financing agreements.
2. An analysis of the key personnel (Producer, Director, Production Manager, D.O.P., Production Accountant and others) and their contracts.
3. Production supervision or monitoring, often including cosigning of checks and purchase orders.

C. FINANCIAL REQUIREMENTS OF THE BOND

1. As a warranty to the Reinsurers, a ten percent contingency must be included in the gross budget. The Guarantor is usually willing to release a portion of the contingency during the principal photography, keeping the balance in reserve for post-production problems. But it is important that this be a true 10% contingency, not needed for production except for unforeseen or unforeseeable exigencies.
2. The Guarantor's premium is paid up front and is calculated as a percentage of the Budget.
3. All Guarantors want to see the film successfully completed with a "call" being made on the Guarantee. Therefore, as an incentive to the Producers, they offer to return a portion of the premium, referred to as the "No Claims Bonus", directly to the Producer.
4. The Completion Guarantee does not go into effect until all the financing is in place. The "Bond" guarantees that the film will be completed provided that all the budgeted funds, including the contingency, are in place.

D. RESPONSIBILITIES OF THE PRODUCER

Under the "Producer Agreement" portion of the Completion Guarantee, the Producer undertakes to keep proper accounting records, to take out full production insurance, copy the Guarantor on daily production and weekly cost reports, notify of key personnel changes (which must have prior approval by Guarantor) and any other matters which would affect the cost or production schedule.



**APPLICATION
FOR A COMPLETION GUARANTEE**

(Please answer all questions in Part I. Use reverse or additional pages if necessary.)

TITLE _____

PART 1

Applicant's Corporate

- Name:
- Address:
- Telephone and Telex No.:

2. Name of Production Company (if different from (1) above):

3. Year Company Started:

4. Date and Place of Incorporation:

5. Information on owner, partners or corporate officers:

- Name Title Home Address

6. Please list principal company affiliations of Applicant:

- Name Address
- Name Address

7. Accountant's Name Address & Telephone:

8. Bank Reference:

9. Lawyer's Name Address & Telephone:

10. Type of production being financed: (i.e. feature, short, TV series, etc.)

11. Literary material(s) involved:

a. Title(s):

b. Author(s):

c. Was it published or unpublished?:

d. If published, give name and address of publisher:

e. Was it copyrighted?: _____ If so, give country(ies), date(s) and filing data of copyright:



f. Writer(s) of Script:

g. Is there an assignment of rights to the Applicant?

12. Name of Insurance Agent: (Please attach copies of insurance policies or binders)

13. Please list names, and business and residence phone numbers of:

a) Executive Producer:

b) Producer:

c) Director:

d) Production Manager:

e) Production Accountant:

f) Director of Photography:

g) Production Designer and/or Art Director:

h) First Assistant Director:

i) Stunt Coordinator:

(Please attach copies of contracts and career outlines for the above.)

14. a) Has Producer ever exceeded his Budget?

If so, name film and date and explain:

b) Has Director ever exceed his Budget?

If so, name film and date and explain:



15. a) Budget cost of production:
- b) Is a 10% contingency on above and below line costs included in 15(a)?
16. a) Furnish complete information on how and from whom the total cost of production will be financed, including deferments and ranking on recoupment and profits from all financing sources:
- b) Will financing include:
- i. a Prospectus:
- ii. a Private Offering Memorandum:
- iii. a Bank Loan (list bank and amount):
- iv. Government Funding:
- v. a Broadcast license fee:
- c) What draft or final financing agreements are attached herewith or available?
17. What individuals or groups will be advancing moneys for the film?
- In what amounts and on what dates?
- (Please attach copies of draft or signed financing agreements.)
18. Name and Address of Beneficiary of Completion Guarantee:
19. Will there be a Trustee for the investors?
- If so, please list Trustee's name:
address & telephone:
20. a) Will you agree that any and all agreements (oral or written) made with the Producer, the Director, the Chief Cameraman, the Production Manager, the cast of players, the technicians, the music composers, the music lyricists, the musicians, the licensors of music or music rights, the film editor, the music editor, the studio, the recording studio, any labour union or guild and the film laboratory will be subject to approval of the Guarantor?
- b) Will you agree that any and all agreements (oral or written for the leasing or purchasing of any materials or equipment or services which are to be used in and for the production with anyone, anywhere and at any time, will be subject to the knowledge and consent of the Guarantor?
- c) Will the Director, Production Designer, Cinematographer, Production Manager, Stunt Coordinator or Animal Trainer agree in writing that the budget amounts allotted to them and schedule as it applies to them are acceptable for their requirements?
21. If any answer to any part of Item 20 is "no", please explain your reasons on an attached a separate sheet with such explanation if more room is needed.



PART II

If production scheduler-has advanced sufficiently, please answer the items in Part II.

22. Film to be used:

Black/White () OR Color ()

35 mm () OR 16 mm () OR video ()

23. Type of camera or special processes to be used for photography:

24. Language(s) of dialogue:

25. Final release length (in feet and minutes):

26. Music to be used and from whom such music will be obtained:

27. Nature of music rights for picture:

28. Sound Recording Studio:

29. a) Film/Video Laboratory:

b) Video Facility:

30. Principal Photography starting date:

31. Number of days for Principal Photography:

32. Location(s) of Photography:

33. a) Number of days for scoring:

b) Number of days for editing:

c) Number of days for answer print:

34. Cast of Leading Players: (Please note that there should be no "stop dates" in their contracts.)

35. Film Editor:

36. Music Editor:

37. Studio to be used:

38. Union Agreement for Technical Crew?: What Union?:

39. Has distribution deal been made?

- (Please attach copy of draft or signed Distribution Agreement.)



40. Has a Production Bank Account been established?

Bank:

Branch:

Name of Manager:

Name of Account:

Account Number:

Authorized Signatories:

41. Contractual or estimated date of completion:

42. Will this production require certification under any government regulations?

43. Do you require a letter of our intent to issue a Completion Guarantee?

If so, on what date?

The foregoing information is submitted as a preliminary application for a Completion Guarantee and shall not be considered to be binding, although the undersigned states that it is accurate to his knowledge and belief.

Dated this day of

Applicant

This application is accompanied by a deposit of \$_____ for Budget and Document examination, which is deductible from our fee.



REQUIREMENTS LIST

We will require the following documents in regard to the provision of a Completion Bond:

1. Budget in complete detail.
2. Cast List and Contracts.
3. Principal personnel contracts, resumes and crew list. (Please note that we cannot accept "stop dates" in principal artists or director contracts.)
4. Production Schedule.
5. Financing Schedule,

Letters of commitment and/or agreements to provide funds.
 - Preliminary or final prospectus, or Offering Memorandum, as available.
6. Distribution Agreements.
7. Business history and resumes of Producer, Director, Executive Producer, and statement whether past feature productions were on-budget, with explanation if they were over.
8. Copies of Application to Insurers, Investors, Financiers or Distributors, or contracts or letters of commitment where applicable.
9. Shooting script and breakdown.
10. Producers should verify that their insurance covers all the standard items

