

## **QUALIFIED RESIDUAL PAYOR LETTER OF AGREEMENT**

As of July 1, 2017

Dear \_\_\_\_\_:

Reference is made to the provisions of Article 30 of the Freelance Live & Tape Television Agreement of 2017 ("FLTТА").

The Directors Guild of America ("the DGA" or "the Guild") hereby agrees that the undersigned Company satisfies the requirements for Qualified Residual Payor status with respect to each television program produced under a DGA FLTТА for which the undersigned Company, or any of the additional companies identified below, has distribution rights and has agreed to be bound by, perform, or guarantee the performance of, all the obligations to be performed by a Distributor/Buyer pursuant to the Distributor's or Buyer's Assumption Agreement, copies of which are attached hereto, and to adhere or guarantee adherence to all other provisions in Article 30 of the FLTТА including, without limitation, the arbitration provisions ("Such Program"), subject to the following conditions:

1. The undersigned Company shall, promptly after acquisition, notify the Guild in writing of the territories, media and term of distribution rights in Such Program which the undersigned Company, or any of the companies identified below, hereafter acquires.
2. As to Such Program, the undersigned Company shall be afforded all of the rights, and assume all of the obligations, of a Qualified Residual Payor under the FLTТА.
3. With respect to any Such Program for which the undersigned Company is acting as a guarantor, it agrees to execute and deliver, in a form acceptable to the Guild (which may include the Standard Letter of Guaranty set forth in Exhibit 2), an unconditional guarantee of payment of all Residuals and any obligations related to the reporting or payment of Residuals under the FLTТА.
4. With respect to any Such Program for which the undersigned Company has agreed to guarantee the payment of Residuals and performance of all other obligations of a Qualified Residual Payor,

the undersigned Company also agrees that the Guild may arbitrate against it disputes under this Letter of Agreement or under the FLTTA which relate to the performance of the obligations guaranteed pursuant to this Letter of Agreement to the same extent as it would be able to arbitrate such disputes against the Distributor/Buyer of a DGA Program. The Guild may initiate an arbitration against the undersigned Company in the event of a default by the signatory employer or other obligor without being required to arbitrate against employer or other obligor. Any arbitration shall be pursuant to the arbitration provisions of the FLTTA. Nothing herein shall be deemed to waive any rights and remedies that the Guild may have against the Employer when the undersigned Company is acting as guarantor. Notwithstanding the above, the Guild agrees not to initiate any claim or demand for arbitration against the Qualified Residual Payor as guarantor unless and until it has first made a written demand on the Employer and such demand remains unsatisfied for a period of not less than thirty (30) days.

5. THIS QUALIFIED RESIDUAL PAYOR'S LETTER OF AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA AND THE UNITED STATES, AS THE SAME WOULD BE APPLIED BY A FEDERAL COURT IN CALIFORNIA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. The Guild and the Company agree that any arbitration or legal action or proceeding brought to interpret or enforce the provisions of this Letter of Agreement shall be held or brought in Los Angeles County, California, and Company irrevocably submits to the jurisdiction of the federal and state courts therein. Notwithstanding the foregoing, the Guild, at its option, may bring a legal action or proceeding outside California under the following circumstances: (a) if the Company has no principal place of business in California; or (b) whether or not the Company has a principal place of business in California, to enforce or execute upon an arbitration award or court order or judgment, in any jurisdiction in which the Company's assets are located (and the Company irrevocably submits to the jurisdiction of the courts of such places for purposes of such execution or enforcement). The Company consents to service of process by personal delivery or by certified or registered mail, return receipt requested, to the Company's general counsel or the Company's representative identified below or by first class mail to the Company when the Company has not designated a

representative or a general counsel, or by any other method permitted by law.

6. The undersigned Company acknowledges and agrees that the Guild may revoke its Qualified Residual Payor status pursuant to the provisions of the FLTТА. Likewise, the Guild agrees that the undersigned Company may, after an initial term of not less than two (2) years, rescind its Qualified Residual Payor status upon ninety (90) days notice to the Guild. Any Such Program for which the Qualified Residual Payor holds distribution rights which has commenced production prior to the expiration of such ninety (90) day notice period shall be subject to the provisions of this Letter of Agreement.
7. In the event of revocation by either the Guild or the Qualified Residual Payor, the undersigned Company agrees that it shall continue to be bound to the obligations of this Letter of Agreement with respect to all Such Programs distributed by the Qualified Residual Payor prior to revocation.
8. This Letter of Agreement may not be modified or amended, nor may any rights hereunder be waived, except in a writing signed by the party against whom enforcement of the modifications, amendment or waiver is sought.
9. This Letter of Agreement does not create, and shall not be construed as creating, any rights enforceable by the Employer of any Such Program or by any other person not a party to this Agreement.
10. If any provision of this Letter of Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable, the remaining provisions of this Letter of Agreement shall nevertheless remain in full force and effect.

11. This Letter of Agreement may be executed in multiple counterparts, copies of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

By: \_\_\_\_\_  
(COMPANY)

\_\_\_\_\_  
REPRESENTATIVE OR GENERAL COUNSEL

ACCEPTED AND AGREED:

By: \_\_\_\_\_  
DIRECTORS GUILD OF AMERICA