CONTRACT NO. 2012-0000_25

DATED December _, 2011

PUERTO RICO FILM CORPORATION

and

JUAN CARLOS GARCIA PADILLA

FILM, TELEVISION, THEATRE
AND ANY OTHER MEDIA ASSIGNMENT AGREEMENT
relating to the project
provisionally entitled

AGUACERO DE MAYO

Contract Number *Número de Contrato*	2012-0000_25	
Execution Date *Fecha de Otorgamiento*	December 12 , 2011	
Effectiveness Period *Período de Efectividad*	From December 12, 2011 to December 12, 2025	
Name of Parties and Representatives *Nombres de la partes y representantes*	NOMBRE	NÚM. ID PATRONAL
	CORPORATION FOR THE DEVELOPMENT OF THE ARTS, SCIENCES AND CINEMATOGRAPHIC INDUSTRY OF PUERTO RICO, represented by Mariella Pérez Serrano	660-66-0132
	JUAN CARLOS GARCIA PADILLA	582-51-1814
Account Number *Número de Cuenta*	E1290-248-234-81-2002	
Amount *Cantidad*	$10,000.00	

JCGP.

FILM, TELEVISION, THEATRE
AND OTHER MEDIA ASSIGNMENT AGREEMENT

AS PARTY OF THE FIRST PART: THE CORPORATION FOR THE DEVELOPMENT OF THE ARTS, SCIENCES AND CINEMATOGRAPHIC INDUSTRY OF PUERTO RICO (hereinafter referred to as the "PRFC" or the "Film Commission"), a public corporation of the Commonwealth of Puerto Rico, organized pursuant to the provisions of its enabling act, Law Number 121 of August 17, 2001, as amended, represented herein by its Executive Director, Mariella Pérez Serrano, of legal age, married, executive and a resident of San Juan, Puerto Rico, who is duly authorized to appear in this act, which authority to appear herein she shall provide whenever and wherever required; and

AS PARTY OF THE SECOND PART: JUAN CARLOS GARCIA PADILLA (hereinafter referred to as the ("Producer"), of legal age, married, producer and a resident of San Juan, Puerto Rico.

RECITALS

1. The Producer, as one of the winners of the MICROS competition in the Montage category, is producing or will produce one short film, provisionally entitled "Aguacero de Mayo" (the "Short Film"), based on that certain screenplay and/or screenplays (collectively the "Screenplay") delivered to the Film Commission prior to or on even date herewith.

2. In addition to the distinction accorded to the Producer in being selected as a winner in the Montage category, the Film Commission awards the Producer the amount of $10,000.00. It is in the mutual interest of the Film Commission and Producer that Producer sells, grants, and assigns all title and interest to the Film Commission of the Film, Television, Theatre and Other Media rights for Puerto Rico, (the "Territory") in connection with the Short Film and the aforesaid award amount shall be deemed part of the consideration for such sale and assignment.

3. "Film, Television, Theatre and Other Media" shall mean exhibition or broadcast in theatres, television (free, pay or syndication), radio, "remake", and/or any other media, now existing or hereinafter developed, and with respect to the Short Film and trailers thereof, and excerpts and clips there from, in any and all languages and versions, including dubbed, subtitled and narrated versions.

The parties, therefore, agree as follows:

1. ASSIGNMENT OF RIGHTS:

1.1 General Assignment.

1.1.1 Producer sells, grants and assigns, in perpetuity and infinitely, to the Film Commission, the following rights, title and interest in the Short Film: The Film Commission shall have the exclusive right to reproduce, distribute, broadcast, perform and exhibit the Short Film, in the Territory, for Film, Television, Theatre and Any Other Media broadcast in any form, method or means of delivery including terrestrial, cable, satellite or whatsoever other means of delivery, broadcast or exhibition now known or later developed.

1.1.2 The Film Commission shall have the sole and exclusive right and the right to license others to use, exploit, market, advertise, publicize, distribute and sub-distribute and otherwise deal in and with the Short Film and all elements and properties thereof throughout the Territory and in perpetuity, by any means and in any medium, whether now or hereafter known, on such terms and conditions that the Film Commission or its licensees may elect in the exercise of its sole discretion.

1.2 Development Work Assignment.

1.2.1 The Producer, with full title guarantee, hereby assigns (by way of present assignment of future copyright where applicable) to PRFC the entire copyright and all other right, title and interest in and to the, works, materials, and products generated with the funds disbursed hereunder or otherwise for the production of the Short

Film (the "Development Work") and all other rights, interests and benefits of whatever nature whether now known or existing or hereafter created or acquired for or for the purposes of or as part of the Development Work and the benefit of all Third Party Agreements entered into by the Producer in connection with the Development Work to hold the same absolutely for the full period of such rights and all extensions, revivals, reversions and renewals thereof throughout the world and as far as possible thereafter.

1.2.2 The Producer hereby assigns to PRFC all physical items and materials prepared and/or acquired in connection with the Development Work.

1.2.3 The Producer hereby waives all so-called moral rights and rights of a similar nature under the law of any jurisdiction in respect of the products of the Development Work.

1.2.4 The Producer undertakes to execute such documents and do all such acts as may be required by PRFC, in its sole discretion, in order to perfect, protect, or enforce any rights granted to PRFC hereunder. As security for the performance by the Producer of its obligations under this Agreement if the Producer shall fail, following a request from the PRFC, to execute any document or do any act required by PRFC, the PRFC shall have the irrevocable right to do so in the place and stead of the Producer.

1.3 <u>Third Party Agreements Assignment</u>.

1.3.1 The Producer shall submit copies of all chain of title documentation and drafts of all Third Party Agreements to be entered into by the Producer to the PRFC for approval of all of their terms. All such Third Party Agreements and rights there under inuring to the benefit of the Producer shall be and is hereby assigned to PRFC. All such Third party Documentation shall include pertinent clauses indicating that the work or services rendered there under shall be deemed and are "work for hire" and therefore owned entirely by the Producer, with full right to assign such contracts and rights to the PRFC. For purposes of this agreement the term "Third Party Agreements" is defined as all

original agreements (or certified copies) between the producer and the writer and any owner of underlying literary, dramatic, musical or artistic works together with all chain of title documents and all other contracts enabling the Producer to prepare and deliver the Development Work and otherwise to perform its obligations under this Agreement including in particular those Third Party Agreements (if any).

1.3.2 Every Third Party Agreement entered into in connection with the Development Work and/or the Short Film shall:

i secure all copyright absolutely in the name of the Producer, as the case may be, for the full term of protection and all renewals, revisions and extensions thereof throughout the world;

ii secure such consents as may be necessary to permit the fullest possible exploitation of the Short Film worldwide in all media in perpetuity;

iii include the non-exclusive right to issue and authorize others to issue publicity concerning all persons appearing in or rendering services in connection with the Short Film including the right to use their names, photographs, likenesses and biographies subject only to customary approval rights in or in connection with publicity and advertising;

iv include irrevocable waivers of moral rights and similar or analogous rights throughout the world from all persons rendering services in connection with the Screenplay, the Development Work and/or the Short Film;

v include all other necessary rights and consents from all performers and all other persons firms or corporations the products of whose services or whose property appears in or is in any way incorporated in the Short Film to allow the fullest possible exploitation.

2. <u>OWNERSHIP OF SHORT FILM</u>. Pursuant to the assignment, and subject to reversion rights to which the Producer can be entitled hereunder, ownership of the Short Film and all elements thereof and pertaining thereto, including the copyright, basic material, script and all other elements contained therein shall be vested upon the PRFC. The Producer shall not interfere with the rights in the Short Film granted to the Film Commission and Producer specifically agrees that it shall not authorize or permit the exhibition or distribution of the Short Film in non-commercial and commercial Television, Theatre and Other Media broadcast in the Territory. Notwithstanding anything to the contrary in this Agreement, the Producer shall be entitled to submit, with the written consent of the Film Commission, the Short Film to film festivals and film event in the Territory and represent the Short Film as its producers.

3. <u>CERTAIN PRODUCER DUTIES; INSURANCE</u>: The Producer shall select the Creative Team for the Short Film. The Producer shall purchase and maintain insurance which shall remain at all times in full force and effect showing the Producer and its assigns, including the Film Commission, as insured and loss payee and showing full and complete coverage for risks and liabilities typically insured for a short film production as the PRFC may reasonably require. All such policies shall provide that they cannot be terminated or materially altered without giving the PRFC at least thirty (30) days' written notice thereof

4. <u>DELIVERY; REVERSION</u>: Producer shall deliver, one DVD data uncompressed, or in such other medium as the PRFC may reasonably request, of the completed Short Film to the Film Commission not later than one (1) month after its completion of the final edited and complete film, videotape, or digital reproduction from which subsequent copies are made (hereinafter collectively and individually referred to as the "Master") of the Short Film (the "Delivery Date").Upon delivery of the Short Film to the PRFC, in form and substance acceptable to the PRFC, all rights in the development work assigned to the PRFC, hereunder shall simultaneously revert to the Producer without any other formality ("Reversion").

5. COMPENSATION TO PRODUCER: In consideration of the representations, warranties and agreements made by Producer and all rights sold, granted and agreed to be granted to the Film Commission and the performance by Producer of its obligations hereunder, Producer shall receive a sum of $10,000 which shall be payable to Producer, based on a disbursement schedule agreed upon by the parties hereto and appended as Schedule A hereto. No other sum of money shall be payable to Producer under this Agreement. The Producer Acknowledges that time is of the essence in this agreement and in the performance of its obligations and duties hereunder, and thus binds itself to work diligently, and complete and deliver the Short Film on or before the lapse of six (6) calendar months, as of the date hereof.

6. CUTTING, EDITING AND DUBBING: Producer acknowledges that it is aware that television networks and stations in the Territory require that programming transmitted over their facilities be acceptable for viewing by "family" audiences and that the inclusion in the Short Film of unacceptable material could materially affect or destroy the television income potential of the Short Film. The Film Commission shall have, at its own cost and expense, the right to cut, edit, adapt, change, transpose, interpolate in, add to and subtract from the Short Film, including, without limitation, the soundtrack thereof, all as the Film Commission in its judgment may deem desirable, to meet the aforesaid viewing standard.

7. LENGTH; CREDITS: The Short Film, as delivered, shall have a running time of approximately 5 minutes, excluding logos and credits at the beginning and end of the Short Film, and shall be in such medium acceptable to PRFC.

   The Producer shall comply with the following credits requirements:

   For the billing block:

   1. PRFC logo Spanish or English

2. Executive Producer Services provided by the Puerto Rico Film Corporation

Screen credits:

1. PRFC logo will appear first in the opening credits, alone, full size, full color for a minimum of 5 seconds - Spanish or English

2. "Puerto Rico Does It Better" logo will appear second in the opening credits, alone, full size, full color for a minimum of 5 seconds – Spanish or English

Production Company logos will be allowed in the opening credits only after the PRFC and "Puerto Rico Does It Better" logos. Any other logos will appear in the end credits.

8. <u>QUALITY CONTROL</u>: The Producer represents, warrants and covenants that it shall comply with the quality control ("QC") provisions set forth below:

a. Once the Short Film is edited in post-production, a Quality Control session must be done at the professional post production facility (or with a professional post production supervisor) where layback, color correction and/or laydown has taken place.

b. QC on materials is contingent on deliverables and all masters created for such purpose. It is understood that the process of QC for a film print or negative will be different to that of a digital master.

c. QC on digital materials is also contingent on recording equipment used during the production, and on the pre-determined final format of the Short Film, in which post production processing of files must be considered.

d. Acceptable formats for finished product:

1. If the Short Film is shot on celluloid and

completed in film, the laydown to a digital master shall be no less that 1080p HD/D5 quality, and color corrected for the medium.

2. If the Short Film is shot on celluloid but completed in digital format, the digital master shall be no less than 1080p HD/D5 quality.

3. If the Short Film is shot in digital format at 4k, a 4k version must be used when outputting to film for theatrical release and kept as a master file in its own hard drive(s); if there is not going to be an output to film, the digital master can be generated from the 2K version of the Short Film. Acceptable codecs are upgraded on a regular basis and the guidelines for the latest technology should be employed for the best possible quality.

4. If the Short Film is shot at 1080p HD/D5 quality, it may be used to output to film for theatrical screening, and the digital master shall be no less than 1080p HD/D5 quality.

5. If a Short Film is shot at 720p (1080i) the digital master shall be no less than 720p. This digital format should not be used as 1080i, or up converted as it will nullify its quality for delivery purposes. Unless 720p is used for specific purposes (Short Film, deterioration of pixels when enlarged as a "look", etc.), it should not be considered prime candidate for film output. 720p is acceptable for broadcast and DVD.

6. If the Short Film is shot at less the 720p it will be limited as to potential distribution avenues.

e. Distribution Guidelines and Deliverables

i. The deliverables sample guidelines reflect the current standards for both buyers and distributors. The distributor has the last word as to deliverables

ii. The Producer agrees to furnish the PRFC with:

1. Digital Master Data Subtitled in a DVD uncompressed.

2. EPK and Behind the Scenes materials in a CD. This includes all artwork and production photos with cast and crew.

9. <u>PRODUCER'S REPRESENTATIONS, WARRANTIES AND COVENANTS</u>: Producer represents, warrants, agrees and covenants to and for the benefit of the Film Commission, its affiliates, directors, officers, agents, licensees, successors and assigns:

(a) That Producer owns or shall own prior to the Delivery Date:

(I) all necessary rights in and to the Short Film and/or Screenplay and all other literary material written, composed, submitted, added, improvised, interpolated or invented by any person under contract of employment with Producer or otherwise upon which the Short Film shall be based, including, without limitation, not less than the sole, exclusive, entire and unencumbered sound and silent motion Film rights for the Short Film; the right to make changes in, additions to, deletions from and adaptations to the Short Film and/or Screenplay in connection with the production of the Short Film;

(ii) the right to produce, reproduce, distribute, exhibit, advertise, publicize and exploit, and license others so to do, the Short Film and reissues, trailers, excerpts and clips thereof in theaters, television and in any and all other media now or hereafter known;

(iii) the right to broadcast the Short Film and/or Screenplay by radio and television, whether by living actors, electrical transcription, film or otherwise in any form and manner, now or hereafter known, in any language for the purpose of advertising and exploiting the Short Film;

(iv) the right to publish, or cause to be published, in any language with or without illustrations by stills, drawings, photographs, or otherwise, synopses, resumes or abridgements, fictionalizations of the Short Film and/or Screenplay, each of which may be no more than 7,500 words in length, for the purpose of advertising and exploiting the Short Film;

(v) the right to use the title of the Short Film and/or Screenplay in connection with the advertising and exploitation thereof by any media;

(b) that the Short Film and/or Screenplay is copyrighted and a valid and subsisting copyright exists therein; that Producer has or will have all rights under this copyright; and, that the author or other copyright proprietor of the Short Film and/or Screenplay has and will have no reserved dramatic, radio or television rights in and to the Short Film and/or Screenplay unless such reserved rights are subject to restrictions for the benefit and protection of the Short Film, which restrictions have been specifically approved in writing by the Film Commission;

(c) That Producer's rights in and to the Short Film and/or Screenplay are subject only to such restrictions and/or supplemental payments or so-called "residuals" as may be imposed by applicable guild and/or union agreements, if any;

(d) That Producer owns or will own prior to the Delivery Date:

(i) all necessary rights in and to all previously copyrighted music and lyrics synchronized with the Short Film if not written or acquired specifically for the Short Film, including, without limitation, not less than a good and valid synchronization license in

customary form issued by the copyright proprietor of such music and/or lyrics, or his agent or trustee, together with the non-exclusive, irrevocable right publicly to perform for profit or non-profit, and authorize others to so perform, the music and lyrics in the exhibition of the Short Film and trailers thereof in the Territory, United States of America and its possessions by any means or media now or hereafter known;

(ii) the right to sell copies of the Short Film by means of videocassette, videodisc and any other technology now known or hereafter developed, as well as the right to broadcast the Short Film by means of television for any and all purposes over television networks and local stations having appropriate licenses therefore from the applicable performing rights society, or upon clearance with such society; and

(iii) the right to perform the music and lyrics outside the Territory and/or United States of America, subject only to clearance by applicable performing rights societies in accordance with their customary practices and payment of their customary fees.

(e) That Producer owns or controls, or will own or control prior to the Delivery Date, all necessary rights in and to all music and lyrics synchronized with or written for or in connection with the Short Film(other than music referred to in subdivision (d) above)(having made such payments and obtained such releases necessary or convenient), including, without limitation, not less than a good and valid synchronization and performing rights license in and to all such music and lyrics; including the completed "Music Cue Sheet" (delivered to the Film Commission before the Delivery Date), and the Producer shall own and/or control all copyrighted images, graphic and/or promotional materials related to and/or pertaining to the Short Film, and such graphic and/or promotional materials have been delivered to the Film Commission prior to the Delivery Date. All copyrighted materials must be dully licensed and listed in the "Video Cue Sheet" (delivered to the Film Commission before the Delivery Date).

(f) That for all persons appearing in or rendering services for the Short Film, Producer has the right or shall have the right prior to Delivery Date, to issue and authorize publicity concerning them and the right to use, reproduce, transmit, broadcast, exploit, publicize and exhibit their names, photographs, likenesses, voices and other sound effects (other than for endorsement purposes), as well as recordings, transcriptions, films and other reproductions thereof in connection with the distribution, exhibition, advertising and exploitation of the Short Film; and, particularly, without limiting the generality of the foregoing, that all still photographs delivered to the Film Commission hereunder may be used for such purposes. Moreover, Producer further represents and warrants that it possesses or shall possess the pertinent and customary contracts and releases from each and every actor and/or participant in the Short Film and that each and every actor and/or participant received the agreed payment for their participation in the Short Film. The Producer shall deliver to the Film Commission prior to Delivery Date, the copies and/or originals of all such contracts and releases.

(g) That there are and will be no claims, liens, encumbrances or rights of any nature in or to the Short Film or any part thereof or the copyright thereon which can or will impair or interfere with the rights, liens, security interest or licenses of the Film Commission hereunder excluding liens imposed pursuant to applicable collective bargaining agreements and laboratory liens for laboratory services which might be rendered; and that the Short Film and each and every part thereof, including the sound and music synchronized therewith, and the exercise by any party authorized by the Film Commission of any right herein granted to the Film Commission, will not violate or infringe upon the trademark, trade name, copyright, patent, literary, dramatic, music, artistic, personal, private, civil or property right, right of privacy, so-called "moral rights" or any other right of any person, or constitute a libel or slander of any person, firm or corporation;

(h) Producer has not sold, assigned, transferred or conveyed and will not sell, assign, transfer or convey to any person, firm or corporation any right, title or interest in or to the Short Film or any part thereof or in or to the literary material upon which the Short Film is

based for non-commercial and commercial Television, Theatre and Other Media broadcast in the Territory;

(i) That Producer has not and will not authorize any other person to produce, distribute or exhibit the Short Film and/or any other motion Short Film based, in whole or in part, upon the Screenplay upon which the Short Film is based, or any part thereof, or which is a remake or sequel of the Short Film, or which has the same or a similar title as the Short Film; and has not and will not authorize any other person to exercise any right or take any action which might infringe, bind or diminish the rights herein granted to the Film Commission;

(j) That the Film Commission shall quietly and peacefully enjoy and possess all the rights herein granted and/or agreed to be granted to the Film Commission;

(k) That Producer has been granted, with respect to each person rendering any services in connection with the Short Film the exclusive irrevocable and perpetual rights to the results and proceeds of such person's services; such persons have waived any moral rights ("droit moral") or similar rights, have been or will be paid in full when due for such services, have executed or shall execute the pertinent releases in favor of the Producer, its successor and/or assigns, have no reversionary rights, are not entitled to sums based upon any gross receipts or net receipts of the Short Film, or to any deferments, and have no liens, mortgages, or security interests with respect to the Short Film other than liens imposed by applicable collective bargaining agreements or so-called laboratory liens;

(l) That Producer is duly organized under applicable law and is qualified to do business in any state or country in which it has done or does business; that it has the right to enter into and perform this agreement and grant to the Film Commission all the rights granted and agreed to be granted to the Film Commission; that it has taken all necessary actions to authorize the execution and delivery of this agreement; and that this agreement does not and will not violate any provisions of the articles of incorporation or By-Laws of Producer or any contract or any other agreement to which Producer is a party;

(m) That no employee or official, including the members of the Board of Directors of the Film Commission, has any pecuniary interests, directly or indirectly by himself or through a member of his family or third person, in the execution and performance of this contract pursuant to Law 12 of July 24, 1985, as amended from time to time, also known as "Government Ethics Law";

(n) That none of Producer's officers or employees occupy any regular position or is a trustworthy employee ("empleado de confianza") within any agency, instrumentality or public corporation of the Commonwealth of Puerto Rico, including without limitation, the University of Puerto Rico or any municipality;

(o) That no officer of the Producer has been convicted of a crime: (a) against the public trust, and/or treasury function, or (b) that involved state or federal public funds or property. The Producer expressly recognizes that this is an essential condition of this Agreement and in the event this warranty ceases to be correct, in whole or in part, the Film Commission can terminate this Agreement and the Producer shall reimburse the Film Commission all monies disbursed under this Agreement;

(p) The Producer has filed, for the 5 years immediately preceding the date of this Agreement, income tax returns and it owes no monies in connection therewith to the Commonwealth of Puerto Rico or it is complying with a payment plan for any outstanding income tax owed. In the event Producer came into existence within the 5-year period prior to the date of this Agreement, then the stockholders and directors of Producer shall provide the aforesaid certification, in their personal or corporate capacity, as applicable, for such time period of actual existence, as a supplement to Producer's certificate. The Producer expressly recognizes that this is an essential condition of this Agreement and in the event this warranty ceases to be correct, in whole or in part, the Film Commission can terminate this Agreement and the Producer shall reimburse to the Film Commission all monies disbursed under this Agreement;

(q) The Producer warrants to and shall, as an essential and necessary condition of this Agreement, show and deliver, when

requested by the Film Commission or any authorized representative thereof, the certifications and documents that evidence Producer's financial and tax situation;

(r) That each person contracted or recruited to work within Puerto Rico in any task or job related to the Short Film shall be eligible to work in Puerto Rico, pursuant to the laws and regulations of the Department of Immigration and Citizenship of the United States of America;

(s) Producer warrants and is compelled, as an essential and necessary condition of this contract to show and deliver, when requested by the Film Commission or any authorized representatives, the certifications and documents that verify Producer's financial and tax situation;

(t) Specifically, the parties hereto acknowledge that the Film Commission shall not be bound to make disbursements under this contract unless and until this contract is filed for recording with the Puerto Rico Comptroller's Office pursuant to Law No. 18, dated October 30, 1975, as amended from time to time.

10. <u>TERMINATION</u>

10.1 If the Producer shall:

10.1.1 commit a breach of this Agreement which is incapable of remedy or shall fail to remedy any breach capable of remedy within thirty (30) days of written notice of the same from the PRFC; or

10.1.2 cease or threaten to cease to carry on business; or

10.1.3 be acquired by any person or persons not having control of the Producer on the date of this Agreement;

10.1.4 The Producer shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit or creditors; or any proceeding shall be instituted by or

against the Producer in bankruptcy or seeking to adjudicate it insolvent, or seeking reorganization, arrangement, adjustment, or composition of Producer or its debts under any law relating to bankruptcy, insolvency or relief of debtors, or seeking appointment of a receiver, trustee, or other similar official for Producer or for any substantial part of its properties; or

10.1.5 anything analogous to and having a substantially similar effect to any of the foregoing happens under the laws of any applicable jurisdiction;

then the PRFC shall have the right (but not the obligation), without prejudice to any other accrued rights it may have, to terminate this Agreement forthwith by written notice to the Producer.

10.2 Upon termination pursuant to this Clause 9 all sums advanced to the Producer by the PRFC (whether or not expended by the Producer prior to the date of termination) shall become immediately repayable, and the PRFC shall not be obliged to advance any further funds hereunder. Furthermore the Producer shall be liable to PRFC for any and all claims, changes liabilities, costs and expenses, including reasonable attorney's fees.

11. INDEMNIFICATION: Producer shall at all times indemnify and hold the Film Commission, its licensees, assignees, and affiliated companies, and the officers, directors, employees and agents of all the foregoing, harmless against and from any and all claims, damages, liabilities, costs and expenses, including reasonable attorneys' fees, herein collectively called "claims," arising out of the production of the Short Film, the exercise of any rights granted herein, or out of any breach or alleged breach by Producer of any representation, warranty or other provision hereof.

12. ASSIGNMENT: The Film Commission shall have the right to assign any or all of the rights sold, granted and assigned in this Agreement. Producer shall not assign this contract or any right thereunder without the prior express written consent of the Film Commission.

13. NOTICES: All notices given may be given by mail, facsimile transmission, electronic mail or personal delivery. Three days after the date of any mailing or the date after facsimile transmission or electronic mail or the date of any personal delivery shall be deemed to be the date of the giving of notice. Within the next day of sending the electronic transmission a hard copy of the notification shall be sent over regular mail to addressed party. Notice shall be addressed to the parties at their respective addresses as follows, subject to change by written notice:

To Film Commission:

Mariella Pérez Serrano, Ph. D.
Executive Director
Puerto Rico Film Commission
P.O. Box 362350
San Juan, PR 00936-2350.
Tel. Number 787-758-4747
Fax Number: 787-756-5706
Email: mperez@puertoricofilm.com

To Producer:

Juan Carlos García Padilla
Calle Georgetti 1394, Apto. 202
San Juan, Puerto Rico 00908
Tel. Number: 939-645-3857
Email: jcgapa@gmail.com

Either party may change its address at any time by written notice to the other party in accordance with this clause.

14. ADDITIONAL DOCUMENTS: Each of the parties hereto agrees to execute any additional documents which may be required or be desirable to fully effectuate the purposes and intents of this agreement or to carry out the obligations of the parties hereunder, provided that they are not inconsistent with the provisions of this agreement.

Producer has delivered prior to or on even date herewith, to the Film Commission the following documents on its behalf and on behalf of all its owners, partners, or shareholders, as applicable:

1. Certification of filing of Income Tax Return for the past 5 years issued by the Department of Treasury of Puerto Rico.

2. Certification of Debt issued by the Department of Treasury of Puerto Rico.

3. Certification of debt for real property issued by the Center of Collections for Municipal Income (*CRIM* by its acronym in Spanish).

4. Certification of debt on account of unemployment, temporary incapacity and social security for drivers issued by the Department of Labor and Human Resources of Puerto Rico.

5. Certificate of Good Standing issued by the Department of State of Puerto Rico.

6. Certification of debt on account of municipal excise tax "Patent Municipal").

Producer binds itself to produce, obtain and/or deliver to the Film Commission any subsequent documents reasonably requested by the Film Commission in connection with the Agreement and/or the Short Film.

15. RELATIONSHIP OF PARTIES: This Agreement does not constitute a partnership or joint venture between the Film Commission and Producer. Producer is not the representative or agent of the Film Commission and the Film Commission is not the representative or agent of Producer and neither shall so hold itself out publicly or to any third party or incur any liability for the other.

16. NO AGENCY: Producer shall not incur any debts or other obligations in the name of the Film Commission, it being understood

and agreed that the parties are entering into this Agreement as independent contractors and nothing herein shall constitute one party as an agent of the other.

17. NO THIRD PARTY BENEFICIARIES: Nothing in this Agreement is intended to nor shall it be construed to give any right or benefit to any third party as against either or both Producer and the Film Commission.

18. REMEDIES CUMULATIVE: Upon any material default hereunder by Producer, the Film Commission may initiate any appropriate legal or equitable action regarding the Short Film and/or its rights under this Agreement. The remedies available to the Film Commission are cumulative and the exercise of one right or remedy by the Film Commission shall not preclude the Film Commission from exercising other or additional rights or remedies available to it under this Agreement or at law or in equity.

19. WAIVER: Any waiver by the Film Commission, whether express or implied, of any breach of any term, condition or provision of this agreement, shall not be construed to be a continuing waiver or consent to any subsequent breach on the part of Producer.

20. ENTIRE AGREEMENT; MODIFICATION: Each party acknowledges that no representation or warranty not expressly set forth in this agreement has been made to the other party, it being agreed that this Agreement and any exhibits and attachments constitutes the entire agreement of the parties regarding the subject matter hereof and supersedes all prior agreements with respect thereto. This Agreement may not be modified except by written agreement signed by both of the parties.

21. GOVERNING LAW: This Agreement has been entered into in the Commonwealth of Puerto Rico and shall be construed and enforced under and subject to the laws of said Commonwealth.

22. CORPORATE OPPORTUNITIES: Each of the parties acknowledges that this agreement relates only to the Short Film and subsidiary rights, and that neither of the parties will in any way be restricted from any other business activity including any motion picture or short film

activity, whether or not competitive with the Short Film or the subsidiary rights, it being agreed that so-called "corporate or fiduciary opportunities" in relation to any such other activities are hereby waived by each of the parties.

Puerto Rico Film Commission

By: _____
Juan Carlos Garcia Padilla

By: _____
Mariella Pérez Serrano, Ph. D.
Executive Director

Affidavit Number: 6637

Acknowledged and subscribed to before me by Mariella Pérez Serrano, as Executive Director of the Puerto Rico Film Commission, of legal age, married, executive and resident of San Juan, Puerto Rico, personally known to me; and Juan Carlos Garcia Padilla of legal age, married, producer and resident of San Juan, Puerto Rico; whom I have identified through her driver's license issued by the Commonwealth of Puerto Rico which document contains her picture and signature, in San Juan, Puerto Rico this 12th day of December, 2011.

EDUARDO TAMARGO
ABOGADO NOTARIO
PUERTO RICO

NOTARY PUBLIC

AGUACERO DE MAYO
Cash Flow Deliverables Schedule

1ST INVOICE			**$7400.00**	**Deliverables**
Advance				Concept
				Budget
				Production Schedule
				Invoice for the Advance
				Any additional documents the PRFC deems necessary

2ND INVOICE			**$ 1,600.00**	**Deliverables**
				Rough Cut in a compressed DVD
				Evidence / Receipts of 100% of total expenses for Advance
				2nd Invoice
				Any additional documents the PRFC deems necessary

3RD INVOICE			**$ 1,000.00**	**Deliverables**
				Music Cue Sheets and backups
				Video Cue Sheets and backups
				Digital Master Data Subtitled in a DVD uncompressed
				EPK and all artworks and production photos
				3rd Invoice
				Any additional documents the PRFC deems necessary

TOTAL			**$10,000.00**	

All rough and final cuts have to be approved by the PR Film Commission.

Juan Carlos García
Micros Montage
Aguacero de Mayo

Mariella Pérez Serrano, Ph.D.
Executive Director
Puerto Rico Film Commission