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## NARIP PRESENTATION - MARCH 3, 2015 OUTLINE OF MAIN ISSUES FOR PRODUCER AGREEMENTS

The following sets forth a brief outline of the main topics for negotiation in a normal producer deal where the Producer is hired and paid to produce recordings as a work for hire for the Artist or its label. Not all points may be subject to negotiation, depending upon the leverage of each party. The complexity of each topic cannot be over-emphasized and the chart below should be treated merely as establishing points for analysis and discussion.

<u>Issue</u>	<u>Artist Position</u>	<u>Producer Position</u>
<b>Producer Fee / Recording Costs</b>	All-in fund with Producer responsible to pay recording costs and retains balance as fee.  Final payment not until release.  Mastering included.	Producer paid a fee to produce; separate recording budget.  Final payment 30-days after delivery, regardless of release.  Mastering separate fund.
<b>Advance</b> What portion of fee is advance recouped from Producer royalties	100% of money paid to Producer is recoupable Advance.	As little as 25% - balance is treated as fees (engineer, studio, etc.) which are part of the recording costs.
<b>Producer Royalty</b>  Can be based upon Retail, Wholesale, PPD or Net Profits.  Range: 2% - 5%	Sales-based only.  No escalations.  Reduction based on outside producers, mixers and remixer.  Paid prospectively post-recoupment of costs.	All exploitation – “fraction.”  Share of escalations.  No reduction – compromise is max reduction is 1%, but not if post-delivery.  Paid retroactive to “record-one” after recoupment.
<b>Accounting / Audit Rights</b>	60-days after Artist receives statement from Label.  Semi-annual + 90 if self-released.  No right to audit label.	Letter of direction so Label accounts directly at same time as to Artist.  30-days after Artist paid if self-released.  “piggy-back” audit on Label.
<b>Recoupment of costs</b>  Recouped at “net artist rate” which is Artist’s royalty rate less some of the third party royalty participants	Producer stands behind costs of the full Album.  Full recording budget.  Net Artist rate includes all 3 <sup>rd</sup> party royalties.	Producer stands behind only “masters” produced.  Excluding “in-pocket” advances to Artist.  Net artist rate includes only Producer royalty.  Not from Producer’s mechanicals.

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<b>Issue</b>	<b>Artist Position</b>	<b>Producer Position</b>
<b>Publishing:</b>  Controlled Composition Clause (“CCC”)	Producer not a publisher.  Producer subject to Artist’s CCC.	If a writer, then a publisher.  Not subject to CCC. Alternative - try for: Full rate; No “cap”
<b>Credit</b>  Does it include other things, e.g., “mixed by,” “recorded by,” “engineered by.”	Co-produced w/ Artist.  Artist also a producer.  Right to designate others.  On outside only if produced whole record.	Sole “Produced by.”  Artist not a producer.  Right to remove name.  On outside if any other producer credited.  In “meta-data.”  In ads, including online.
<b>Delivery Requirements</b>	Commercially acceptable.  Producer re-records until Artist satisfied.	Technically acceptable.  Limit on number of changes if technically satisfactory.  Not responsible for changes made post-delivery.
<b>Performer contracts</b>	Producer secures.	Artist secures unless producer hires.
<b>Re-record Restriction</b>	5-years.	2-years.
<b>Remixes</b>	Not obligated to Producer.	Right of first refusal.
<b>Samples</b>	All costs come from all-in fund; Producer solely responsible for costs (advance and royalty).  Songwriting share reduces both Artist & Producer proportionately.	Each party responsible for samples selected by it. At worst, proportionate reduction in both royalties.  If selected by Artist, then reduces only Artist share of songwriting.
<b>SoundExchange (etc.)</b>	None	Share based upon “fraction”

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