

SAMPLE

FRONT MONEY AGREEMENT

_____, 2013

[Name and Address of Investor]

Dear _____:

This letter will constitute an agreement between us concerning certain monies to be advanced by you to us for use in connection with expenses incurred and to be incurred for the acquisition of rights in, and development of the stage production of, the **[**musical**][**dramatic**]** stage play (the "Play") presently entitled "_____."

We intend to form a limited partnership or limited liability company (the "Production Company") to produce a commercial stage production of the Play, and we will seek limited partners or members to invest therein (the "Investors"). Pursuant to the Production Company agreement, Investors will recoup their investments pro rata out of 100% of the Production Company's distributions and, following recoupment, "Adjusted Net Profits" (as such term is usually defined in theatrical enterprises) will be divided equally between the Investors and us, as the producers of the Play.

1. You acknowledge that (i) as of the date hereof, we have not formed the Production Company, (ii) as of the date hereof, no offering literature has been filed with, or in any way examined by, the Attorney General of the state of New York or any other state, (iii) you expressly waive your right to receive information in an offering circular that might otherwise be required by certain provisions of law and (iv) by virtue of your payment of the Advance (as defined below), upon the capitalization of the Production Company, you will be considered an Investor with the same rights, privileges and obligations as all other Investors (plus the additional rights described below).

2. Upon the execution of this Agreement, you agree to pay us the amount of _____ Dollars (\$ _____) (the "Advance"), to be used by us, in our sole discretion, for the acquisition of rights in the Play and for pre-production and production expenses in connection with the Play.

3. In consideration of the Advance paid to us hereunder, you and we agree as follows:

A. If the Investors of the Production Company recoup and become entitled to participate in Adjusted Net Profits then, in addition to the share of Adjusted Net Profits to which you will be entitled as an Investor, we will pay you out of the producers' share of the Adjusted Net Profits, a sum equal to one percent (1%) of the Adjusted Net Profits for every [four percent (4%)] [three percent (3%)] [two percent (2%)] [one percent (1%)] of Adjusted Net Profits to which you are entitled as an ordinary Investor. Such supplemental share of Adjusted Net Profits paid to you will be subject to all rights of refund, rebate and return as are applicable to the producers' share under the Production Company agreement. *By way of illustration, if the Production Company is capitalized at \$1,000,000, a \$100,000 investment would entitle an Investor to receive five percent (5%) of 100% of the Production Company's Adjusted Net Profits (which is the equivalent of ten percent (10%) of the Investors' fifty percent (50%) share of Adjusted Net Profits). In consideration for furnishing the Advance, we will pay you an additional amount equal to [one and one-quarter percent (1.25%)] [one and two-thirds percent (1.67%)] [two-and-one-half percent (2.5%)] [five percent (5%)] of 100% of the Production Company's Adjusted Net Profits out of the producers' share of Adjusted Net Profits.*

B. We shall have no obligation to repay any of your Advance to you except as follows:

(i) At the time the Production Company which is formed to produce the Play is fully capitalized, the Advance shall be deemed to be the equivalent of a cash contribution in the amount of the Advance by you to the capitalization of the Production Company, and you shall be a limited partner or investor therein to the extent of such contribution, with equal or ratable rights, preferences and privileges as all other investors thereunder. You shall sign such Production Company Agreement and shall be entitled to recoupment of your Advance and distribution of net profits, if any, in accordance with the terms of such limited partnership or other agreement for the production of the Play, at the same time and in the same manner as all other limited partners or investors. Each limited

partner or investor in such entity producing the Play shall receive that proportion of fifty percent (50%) of the net profits, if any (as such term is usually defined in theatrical enterprises), as the amount of the contribution of such limited partner or investor bears to the total contributions of all limited partners or investors.

(ii) If we abandon the production of the Play (as provided in Paragraph ⁴ 3 herein), we shall return any unused portion of the Advance to you.

4. It is understood that we shall have the right, in our sole discretion, if we shall deem it appropriate, to abandon the production of the Play at any time, whether before or after the formation and full capitalization of the Production Company or the commencement of rehearsals, without any obligation to you hereunder, except for the return of any unused portion of the Advance.

5. It is specifically understood and agreed that under no circumstances shall you be deemed to be a general partner or joint venturer with us by reason of this agreement, and we agree to indemnify and hold you harmless against any liability which you may incur in excess of your Advance hereunder.

6. You represent and warrant that you are at least twenty-one (21) years of age and that you have no intention of selling or otherwise transferring or assigning your interest in this production as set forth herein or in the Production Company, and that you are acquiring such interest for investment purposes only and not with a view to the resale or distribution thereof. You further represent and warrant that you are an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act of 1933, which definition includes (a) any natural person who had an individual income in excess of Two Hundred Thousand Dollars (\$200,000.00) in each of the two (2) most recent years or joint income with that person's spouse in excess of Three Hundred Thousand Dollars (\$300,000.00) in each of those years and has a reasonable expectation of reaching the same income level in the current year or (b) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her investment exceeds One Million Dollars (\$1,000,000.00)

*There have been
changes to the
definition of
"accredited investor"*

7. This Agreement is made in the City of New York and shall be governed and enforced in accordance with the laws of the State of New York.

8. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives and successors, but shall not be assignable except upon the mutual written consent of the parties hereto.

If the foregoing accurately sets forth our understanding, please sign below where indicated, and thereupon this will constitute a binding and enforceable agreement between us.

ACCEPTED AND AGREED TO:
