

**LOW BUDGET SIDE LETTER
TO THE AFM SOUND RECORDING LABOR AGREEMENT**

SUMMARY

- 1. EFFECTIVE DATE – JANUARY 13, 2013 – JANUARY 12, 2014**

- 2. EXCLUSIONS** – This side letter agreement shall not be applicable to:
 - a. Musicians performing for symphonic orchestras.
 - b. Musicians performing on records produced in Canada.
 - c. Soundtracks and cast albums.
 - d. Location recordings, except for religious services in accordance with the Low Budget Side Letter Addendum to the Sound Recording Labor Agreement (“SRLA”).

- 3. REQUIREMENTS**
 - a. Budgets computed for each full-length album* shall include all costs customarily considered recording costs by the recording industry in this country, including (1) studio charges, (2) engineering, (3) tape, (4) mixing costs, (5) payments to musicians (including their travel expenses), (6) equipment rental, and (7) cartage (see checklist) but excluding producer and artist advances, art work, travel for artists and producers and mastering costs. The Company shall provide the Federation with a copy of the producer’s approved detailed budget 72 hours in advance of producing each album under this side letter agreement. Budgets must fall within the following amounts:
 - b. **Budget Limits:**
 - Tier 1 wages (regular): \$99,000
 - Tier 2 wages (choral recordings/concept pieces):
 - \$99,000 for choral recordings (companion music for printed works)**
 - \$40,000 for concept piece (primary focus is on concept, not featured artist)

If budget maximum is exceeded (except where the excess is attributable directly to the incapacity of an artist or producer, unanticipated increased mixing costs or an Act of God, including illness), the Low Budget Side Letter will not apply and the provisions of the SRLA will apply.

*The applicable budget maximum for any project containing less than 12 tracks may be prorated on a per track basis. No track recorded under this provision may be used in any album that is not within the full Low Budget maximum.

**With respect to choral recordings, contributions to the Sound Recording Special Payments Fund and Music Performance Fund shall not be required.

4. **WAGES** - Per side musician as follows:

Tier 1 – Regular sessions

Effective	3-Hour Minimum	OT ½ Hour	OT ¼ Hour
	15 min. of recorded music max	5 minutes of recorded music	0 minutes of recorded music
January 13, 2013	\$221.02	\$73.68	\$36.84

Tier 2 – Choral recordings

Effective	3-Hour Minimum	OT ½ Hour	OT ¼ Hour
	15 min. of recorded music max	5 minutes of recorded music	0 minutes of recorded music
January 13, 2013	\$183.20	\$61.06	\$30.54

Tier 3 – Concept Piece Production

Effective	2-Hour Minimum	OT ½ Hour
	15 min. of recorded music max	5 minutes of recorded music
January 13, 2013	\$110.52	\$27.63

5. **OVERDUBS** - If two or fewer musicians are performing, the services of a leader shall not be required.
6. **OVERSCALE, DOUBLING, MULTIPLE PARTS, ETC.** - Based on above rates.
7. **MUSIC PREPARATION** - Arrangers, orchestrators and copyists shall be paid in accordance with the applicable rates set forth in the SRLA except that Health and Welfare contribution payments shall be in accordance with this Side Letter Agreement.
8. **PENSION FUND CONTRIBUTION** - 11.99% to AFM-EPF
9. **HEALTH AND WELFARE FUND CONTRIBUTION** - \$24.00 for each original service and \$19.00 for each additional service that day.

*The 11.99% AFM-EP Fund rate is required under the rehabilitation plan adopted by the Board of Trustees of the AFM-EP Fund as required by law.

10. **SOUND RECORDING SPECIAL PAYMENTS FUND (“SRSPF”)/MUSIC PERFORMANCE FUND (“MPF”)** – Contributions required to SRSPF and MPF where sales of units exceed 25,000, except for choral recordings. Contributions also required to SRSPF on digital downloads pursuant to the terms established in the Memorandum of Understanding Digital Exploitation Term Sheet.
11. **ALL OTHER TERMS AND CONDITIONS** – All terms and conditions of the SRLA will apply to recordings made under the Low Budget Side Letter, except as otherwise provided in the Side Letter.
12. **REPORT FORM** – All payments made under the Side Letter shall be reported on a properly completed AFM B-4 Report Form. Completed report forms and payments must be submitted to the AFM local in whose jurisdiction the approved sessions takes place within the time limits set forth in the SRLA.