

Expatriate Records Agreement Overview



Prepared For:
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I. **Introduction:**

The purpose of this Deal Memo is for both sides to clearly understand the basic elements of the Recording Contract. This includes rights and obligations, compensation, and the like. Provided both parties agree to the terms as outlined in this memo, it will be converted into a formal contract for review. If there are any questions or points that need to be discussed we are happy to do that as well.

II. **Artists Responsibilities:**

1. **Ownership:** The artist must list all songs that comprise the initial recording. The artist must disclose all artists included on the recordings and their percentage of ownership. The artist must also account for ownership/rights to/of all samples, sounds, lyrics, art, video, and other content included on the materials provided to company. The purpose of this is to prevent future confusion or conflict among the owners/creators of the music as to the distribution of revenue. If artist discloses to company that there are elements of the materials that are not owned by artist, company will make best efforts to contact the other parties and create an agreement with them whereby materials can be legally released.
2. **Promotion:** Artists who perform live will make best efforts to do so as much as possible as a means of promoting the band and the recording. All artists will make best efforts to spearhead local promotional efforts. Artist will make best effort to maintain an online presence with fans (facebook, myspace, twitter, email newsletter, etc.).

III. **Company Responsibilities:**

1. **Distribution:** Company shall provide physical and digital distribution of recordings.
2. **Merchandising:** Company will sell a full line of merchandise on behalf of the artist. Artist and/or company will provide logos/designs for merchandise.
3. **Licensing:** Company will make best efforts, through utilization of its extensive network of partners and contacts to obtain synchronization placements for artist in movies, TV, advertising, corporate video, in-store music, video games, and any other media for which synchronization licensing is or becomes available in the future.
4. **Airplay:** Company will make best efforts, through utilization of its extensive network of partners and contacts to get artist's recordings played on terrestrial radio, satellite radio, internet radio, cable TV music stations, in-store music services, podcasts, audio blogs, and collect revenue from said plays.
5. **Video:** Company will make artists provided videos available for sale on itunes worldwide as well as other video distribution outlets and DVD if

possible. Furthermore, company will make best efforts to set up means to monetize video content by selling ads against it on behalf of artist.

6. Software: Company will create a website and i-phone application for sale or free giveaway promotion for artists. These will include a bio page, music page, video page, photos page, and merchandise page. Artist will provide videos (behind the scenes, etc), copy (about the artist, etc), songs (exclusive remixes, demos, live recordings, etc), and photos, which will be made into the application.
7. Marketing: Company will make best efforts to market artist to new fans via its internet marketing network consisting of social media experts, bloggers and podcasters, internet radio stations, digital and print media publishers, content providers and banner ad posters. Company may also utilize other marketing initiatives as necessary/TBD.
8. Collaboration: Company will make best efforts to provide artist collaboration opportunities with other label partners and assets. Some of these include other artists, producers, remixers, singers, videographers, etc who are currently or become affiliated with the label. Artist understands that company will have a right of first refusal to license materials created from these collaborations under the terms of their initial agreement.
9. Other forms of revenue creation: Company will make best efforts to continually research the marketplace and create and utilize new opportunities to generate revenue from artist's creations.

IV. Compensation/Royalties:

1. Ownership: Artist shall retain ownership to all masters created under the agreement.
2. Live performances: Unless otherwise agreed upon in writing artist shall retain 100% of proceeds from live performances.
3. Physical Sales at live performances: Artist may purchase from company at wholesale price CDs and merchandise for sale at live shows. Artist is entitled to 100% of the proceeds from sale of these goods at such live performances. Artist is not entitled to mechanical or other royalties from these sales.

4. Other sales: Company and artist shall split 50-50 profits from sales from all other channels outlined in this memo.

V. **Frequently Asked Questions:**

How are “profits” defined? Profits are defined as revenue minus costs.

Here are a few examples:

A CD is sold for \$14 plus \$3 shipping. Total revenue = \$17. Total company cost (CD, packaging, shipping, etc.) = \$ 6. Total profit = $17-6=\$11$. Therefore, artist and company each receive \$5.50.

A track is licensed for synchronization through an agent for \$10,000. The agent charges a fee of \$3,000. Total profit = $10,000 - \$3,000 = \$7,000$. Therefore, artist and company each receive \$3,500.

A digital download is sold for \$0.99. The download platform charges a fee of \$0.19. Total profit = $0.99 - \$0.19 = \0.80 . Therefore, artist and company each receive \$0.40.

Why does it say company will make “best efforts” in this memo and the contract? The words best efforts are included because this is a subjective business. We can only guarantee that we will make our best effort that we will, for example, get your music played on Satellite Radio. Ultimately, the decision rests in the hands of program directors so if it is never played we cannot be held in breach of contract.

Who are you guys, is this a legitimate, legal company? Expat Records, LLC is a privately owned company with no debt. It is a registered Limited Liability Company in the United States in the state of Nevada. All business is transacted via official legal contracts and all transactions are governed by US law. As detailed in the contract, artists have full audit rights.

Is this some kind of marketing service I need to pay upfront for? No! We are a proper Record and Publishing company. If you received this memo it is because we are offering you a contract. There are no upfront charges to you whatsoever. We partner with you to market and create revenue from your creations. If we do not produce results you do not pay anything so there is no risk on your side whatsoever.