

Contracts



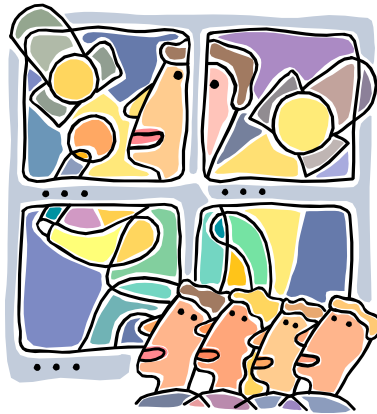
Business of Music
Mrs. Deady

Contract Components

- Standard Agreement
- Duration of Contract
- Exclusivity
- Release Requirements
- Royalties
- Contracts with Minors

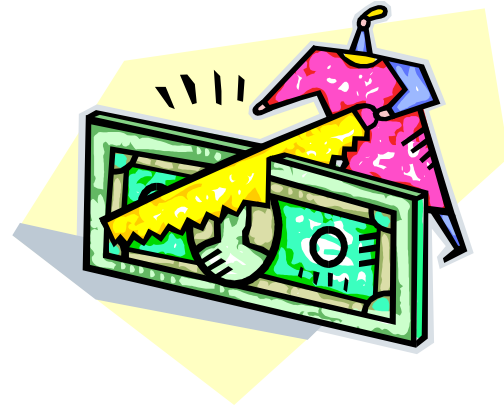
Standard Agreement

- ❑ Artist to make appearances
- ❑ Artist to make acceptable recordings
- ❑ Record company selects songs to record
- ❑ Artist to be member of AFTRA or AFM



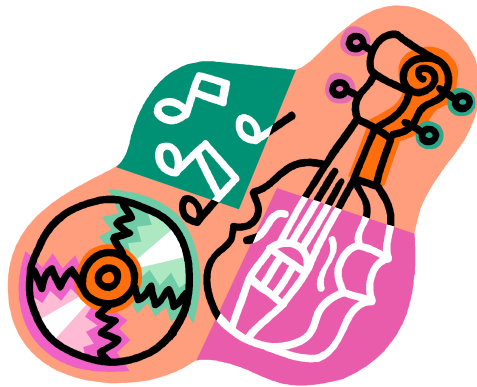
Standard Agreement, cont'd

- Record company advances costs to be paid back out of artist's royalties
 - All recording costs
 - Producer and arranger fees
 - Engineers musicians costs
 - Studio and equipment rental charges
 - Mixing and editing costs



Duration of Contract

- ❑ Minimum number of satisfactory recordings, framed in terms of albums – 10 individual selections totaling not less than 50-55 minutes
- ❑ Not framed in years due to possibility of artist not recording



Exclusivity

- ❑ Prevents different music companies from issuing competing versions of an artist's recordings



Exclusivity Exceptions

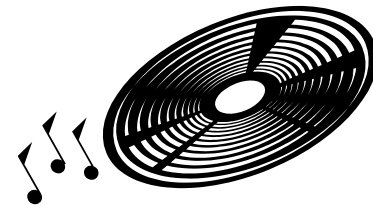
□ Sidemen

- Require credit (courtesy of . . .)
- Maximum of 2 to 3 songs on one album
- May require no royalties for sideman



□ Movie Soundtrack Requirements

- Credit to Artist's label
- Royalty payments to Artist's label
- Right to distribute "single", refer to movie credit



Exclusivity Exceptions, cont'd

- Re-recording Restrictions forbid the same selection from being recorded for another company
 - Usually 5 years from date of delivery or recording to record label **OR**
 - 2 years from expiration of recording contract, whichever is later
 - 3 years from date of delivery for a minor

Release Requirements

- ❑ Minimum number of sides to be recorded each contract year
 - Side is minimum of 2.5 minutes
 - Excess may be credited to next year
- ❑ Avoid recording obligations by paying union scale for agreed upon sides that remain unrecorded
- ❑ Artist should ask for release clause



Royalties

- ❑ New Artists at 9-12% LESS COSTS:
 - ❑ Cost of Producer Royalty (3%)
 - ❑ Packaging costs @25%
 - ❑ Free goods @15%
 - ❑ Unsold records (try to cap at 35%)
- ❑ Artist gets \$0.56 on a \$14.98 CD



Royalties, cont'd



- ❑ The Record Company will recover its costs for **ALL RECORDINGS** made by the artist from ALL artist royalties.
- ❑ If 3 albums are released and only the last one is successful, no royalties are payable until recording costs for all 3 albums have been recouped.

Contract with Minors



- ❑ 18 is age of majority in NY, CA, IL and TN
- ❑ NY statutory provisions:
 - Contract must be fair to minor
 - Term may not extend beyond statutory limits
 - Minor's parents or guardian must consent
- ❑ Term is generally 3 years unless qualified entertainment lawyer is involved, bringing limit up to 7 years

Contract with Minors, cont'd

- Court may approve provision to hold income in trust account
- Agent's commission continues for royalty-producing work created during 3 years of the agreement

