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Introduction

Innovative new incentive for audio-visual production

Colombia, a country that has traditionally been a coffee producer, has been establishing itself thus far in the 21st Century as a solid competitor in the realm of creative industries, cultural industries and entertainment, and in other innovative productive or service sectors, including an important growth in its tourism industry.

This places it as the fourth strongest economy in Latin America, a safe destination for diversified investments according to risk rating agencies, and one of the so-called “CIVET”¹ countries with high entrepreneurial, productive and technological potential based on its size, GDP, natural reserves, institutional consolidation, highly-qualified job offerings and handling of commitments, among other indicators.

Clearly, all of this has value and can only be maintained to the extent it genuinely contributes to social development, the creation of human capital and peaceful coexistence.

This is reflected in the film and audio-visual policy which during the last years of the past century and thus far this century has been unprecedentedly pledging its commitment to the creation of a solid framework for this quintessential cultural industry.

The tourism industry has been establishing itself as having one of the broadest perspectives of the national economy, based on a policy that guarantees its sustainability, which could be understood as the appropriate balance between the environment, the economy and culture.

Over the last six years, Colombia has become the fourth largest film producer among Latin American countries; the infrastructure for showing films grew by close to 300%, attendance in movie theaters broke records, as occurred with the 86 national feature-length films that premiered during that period, 23 of them in 2012, most of which had an impressive range of international coproduction. Even better: there are new and growing educational institutions for creative and technical students, production and post-production companies are being created and becoming established, there is high international demand for qualified work, while our films are being watched en masse in the country and abroad, where they have been receiving important accolades.

Without a doubt, a prosperous cultural industry, sponsored by cross-sector public policy documents from several government departments, by the Film Act (No. 814 from 2003) with contributions and incentives for all of the chain of creation,

¹ Group of six countries with highest growth expectations for the next decade. Colombia is one of them, along with Indonesia, Vietnam, Egypt, Turkey and South Africa.

production, distribution and access; and by stimulus regulations in the areas of taxes, loans, customs, and tariffs.

In the last four years, Colombia has also shown a growth in tourism, with approximately 1.6 million travelers arriving in 2011. At the close of November 2012, the country had a growth of 6.7% in entry of travelers compared to the same period the year before. These numbers are the result of a policy geared towards placing a higher emphasis on tourism offerings and increasing resources for the promotion of the country.

More and more, Colombia is being perceived as a place of high economic and social development, a platform for business ventures, productive and technological transformation; a cross-sector notion that shares common ground with the policy of tourism promotion, foreign investment, export and the traffic of cultural content and products. The country has to be competitive and, at the same time, in harmony with an international context that looks to audiovisual content as the quintessential space in the world of creative economy.

The creators, workers, schools, government, and the country in general, supported by the Department of Commerce, Industry and Tourism and the Department of Culture, have brought about this new commitment under law number 1556 enacted in 2012 for the creation of the Colombia Film Fund (CFF), a powerful and easy tool that invites the world to film in Colombia and, of course, to marvel at the beauty of its landscape and scenery and its potential for film production, thus promoting tourism and the image of the country as well as the development of the Colombian film industry and the export of audiovisual services to the world.

What is CFF

The Colombia Film Fund (CFF) is a financing instrument or account created by Law No. 1556 to operate for 10 years starting in 2012 with funds from the General National Budget for a special purpose: giving back a percentage of the amount that producers who do audiovisual work in Colombia spend on services needed to do so.

This return is legally referred to as “reimbursement”.

Constitutionally, this special purpose entails that the aforementioned funds cannot be used for any purpose other than that which is established by law.

The CFF is administered by the Colombia Film Promotion Committee (CFPC), an organization lead by the Department of Commerce, Industry and Tourism and also made up by the Department of Culture, Proexport Colombia, the Office of Cinematography of the Department of Culture; and the representative of film producers in the National Council for the Arts and Culture in Cinematography

(NCACC), along with two representatives with an extensive background in the film sector, appointed by the President of the Republic.

Economic Scope

Each year, through the applicable law, the General Budget of the Nation defines the appropriations or amount of funds of each national state entity or existing fund in the country.

The CFF's strategic planning means that, in the 10 years of its initial existence, resources are incorporated of which a part is already earmarked in the national budget for their use in this year.

Why reimbursement

The CFF operates under the format of reimbursement since it involves a disbursement of money, when the producer of a film project carries out filming activities, animation production, or in any of the above cases, additional post-production work in Colombia, and for said purpose, incurs in expenses in categories defined by Law No. 1556.

It is clear that the CFF's reimbursement does not entail compensation for services for the producer; nor is it a tax refund, rather, as has been stated, a repayment that CFF makes for contracting services for film production in this country.

The above means that the reimbursement should not constitute for the producer taxable income subject to generating payment of taxes in the country.

Services covered

CFF may issue reimbursement to the producer for "film services" carried out by it for the project in an amount up to 40% of the amount spent. When the expense is made for "film logistical services", reimbursement shall be 20%.

The former refers to any services related to audio-visual production or post-production.

On the other hand, film logistical services are those that are provided for hotel, food, and transportation requirements, as specified in the project proposal.

Thus, CFF reimbursement only applies to items that are described in detail in the budget that the producer submits to spend in Colombia that is previously approved by the CFPC; inversely, it is not allocated to anything not described therein.

No expenses for the purchase of any type of item shall be recognized.

Basic requirements

The assignment of the CFF reimbursement shall be subject to compliance with the following conditions that are expressly contained in Law 1556 and developed in the Resource Allocation Manual approved by the CFPC as “rules of the game”:

- The project in question shall entail expenditures in film services or logistical services, including taxes, separately or jointly, of no less than 1,800 minimum wages, calculated in local currency (UD589,500 at an average rate of 1,800 pesos per dollar).

It should be pointed out that even if a project proposes to carry out a higher amount of expenditures, if it shows that it spends an amount lower than the one indicated above, it may not receive the CFF’s reimbursement, even in a proportional manner.

- The project shall be submitted by its producer and approved by the CFPC. The producer doing so in the country shall be a legal person; that is to say, a company or entity with legal authority to operate.
- The project shall entail total or partial filming in Colombia. As for animated work, this item refers to carrying out production work in the country.
- The producer shall sign a contract stipulating the obligations, conditions, and requirements for the CFF reimbursement to be given and the amount thereof. This agreement shall be designated “Colombia Film Contract”.
- Film services for non-national projects shall be contracted through one or several Colombian film service companies.

As stated repeatedly, in addition to promoting the use of our country for this type of activity, the national interest expressed in law no. 1556 is to develop the audiovisual industry in the country and motivating ways of transferring experience and knowledge.

Therefore, in addition to the services provided by technicians, artists, creators or logistical activities, the goal is for national production companies to interact with international producers in production support tasks.

Naturally, upon his or her selection, the foreign producer shall be the one to define which film service company it shall engage, based on its exploration of the national market. In any case, the companies that act as intermediaries as film service companies must be registered in the Department of Culture based on the requirements established by said institution.

The film service company is seen as a strategic ally of the production, a facilitator to get the project done in the country.

Lastly, it should be emphasized that the producer may also, at its discretion, use the film service company for contracting film logistical services (hotel, food, transportation), obviously after having evaluated the convenience as to costs, tax management or other elements that it considers and freely arranges with said company.

- The funds for use in services shall be administered by a trust established in Colombia, through an administration trust or standalone trust.

The purpose of this intervention is centered on the pursuit of certainty for the allocation of the CFF's reimbursement, in the sense of obtaining a greater guarantee that the proposed expenses are in fact carried out.

The trust company chosen at the discretion of the producer shall in essence carry out the duties of administering the producer's resources for services in the country, making each and every one of the payments, and issuing a certification as to these aspects, in accordance with the parameters defined in the Resource Allocation Manual.

- Lastly, in order for the CFF's reimbursement to be disbursed, there must be approval by an auditing company established in Colombia, which shall also be engaged by the producer.

The aspects that the audit should cover refer, generally, to expenses that were in fact incurred, compliance with legal requirements as to invoices or billing statements that support them, and verification of aspects described in detail under Law No. 1556 and the Resource Allocation Manual.

This certifying role shall be performed by the auditing firm and sent to the CFF's administrating entity, although it is hired directly by the producer responsible for the project based on a list of auditing companies at its disposal.

Easy application

The CFF design entails requirements that, albeit rigorous, are very easy to meet by any producer who wishes to carry out film work in Colombia and has an interest in receiving the aforementioned reimbursement.

Everything starts with a request to the CFPC through the appointed administrating entity or, similarly, the submission of the project at any point in the year.

Producers may submit feature-length (70 minutes or more) or short (under 70 minutes) film projects in any genre, including animation, as well as TV film, which

refers to a single production to be aired on TV in up to two chapters, naturally excluding publicity or institutional work.

The documents that are relevant to this application are stated in the Resource Allocation Manual, and in essence regard proof of the existence and legal representation of the production company, a synthetic description of the project and of the budget, which is separated into the categories that would contain the service expenditures in the country.

In order to provide certainty of an effective performance of the project, it has been provided that the producer should demonstrate that it has a general manner of financing the project, through any or several of the following: a completion bond, certification from a major distributor or broadcast channel that advance funds; an escrow account or certificate from a bank or finance organization regarding allotment of a finance model for expenditure in Colombia.

There is also a requirement of an allocation, as insurance, in the amount of 40 minimum wages- \$23,580,000 as of 2013 (around USD 13,000), an amount which shall be returned to the producer at the end of the contract that is signed if its project is accepted and complies with the requirements mentioned above.

Project approval

Submitted projects that meet the above requirements shall be evaluated by CFPC to determine whether they comply with the purposes of Law No. 1556 as to promotion of the national territory as an audiovisual setting and as a provider of services in this growing industry.

This organization meets no less than four times a year, or as many times as necessary according to the amount of projects submitted. Considering the fact that CFF has limited resources, at the moment of the respective meeting, a decision is reached as to which of the total submissions shall receive reimbursement and in what amount.

Participants and regulation

The operation of the CFF combines actions of several national entities or organizations: on the one side, the CFPC as an organization that defines general regulations and policies as to administration of the Fund, that evaluates projects, assigns resources, defines general terms of performance and monitors the development of the projects as well as compliance with the purposes that motivate this instrument

The Fund itself is created as a special account of the Department of Commerce, Industry and Tourism, an entity that administers it and executes it through the

“Proimágenes Colombia” Mixed Fund for Film Promotion, a Private or Civil institution that is usually appointed for said purposes as “administrating entity.”

Thus during the process of submission, evaluation and performance of the project, the producer shall interact with Proimágenes Colombia, even though, as indicated, CFPC shall be making general decisions.

The contours of the appropriate regulation, created by the National Government focused on agility, are established by Law No. 1556 enacted in 2012, the Resource Allocation Manual, and other regulatory norms, although the CFPC may issue other general operating regulations which shall always be informed to the public.

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**LAW 1556 OF 2012
9TH OF JULY**

**“TO PROMOTE THE COUNTRY AS A LOCATION FOR MAKING FILMS”
THE CONGRESS OF THE REPUBLIC OF COLOMBIA
DECREES**

**TITLE I
GENERAL PROVISIONS**

Article 1. Purpose. The purpose of this law is to foster filmmaking in Colombia, promoting the country as part of our cultural heritage for filming audio-visual movies and thereby promoting tourism and the image of the country, as well as developing our film industry.

The above in a way that is consistent with the purposes indicated by laws 397 enacted in 1997 and 814 enacted in 2003 as to the cultural film industry, and within a framework of public policy designed for the development of the film sector, associated with the fundamental purposes of the State.

Article 2. Definitions. The following principles apply for purposes of this law:

1. National Film: One that complies with the requirements established in decrees 358 enacted in 2000 and 763 enacted in 2009 and the rules that modify them and establish equivalencies regarding thereto.
2. Foreign Film: One that, although it is considered to be a film according to national provisions, it does not meet the requirements for consideration as a national film.
3. Film Services: specialized activities directly related to preproduction, production and postproduction of film including artistic and technical services provided by Colombian entities or persons that are domiciled and residing in the country.
4. Film Service Companies: Companies that are legally established in Colombia, the purpose of which is to provide film services, which are registered in the Registry of Film Service Providers of the Department of Culture.

Paragraph: Films produced for the sole purpose of being shown on television or through media other than the big screen may be included for purposes of this law in the concept of the film in accordance with the parameters established by the Colombian Film Promotion Committee discussed in Article 6 of this Law.

TITLE II COLOMBIAN FILM FUND

Article 3. Colombian Film Fund. The Colombian Film Fund (FFC, acronym in Spanish) is hereby created as a special account in the Department of Commerce, Industry and Tourism, with funds made up by:

1. Those assigned annually in the national budget.
2. Those derived from operating and financial earnings from the Colombian Film Fund (FFC).
3. The product of the sale or liquidation of its investments.
4. Financial contributions, donations and transfers that it receives.
5. Contributions from international cooperation.

Paragraph 1. The administrative entity for the Colombian Film Fund (FFC) may establish independent assets with prior authorization from the Colombian Film Promotion Committee discussed in Article 6 of this Law.

Paragraph 2. The amount from the National Budget assigned annually for the Colombian Film Fund (FFC) shall not affect the tax limits established in budget norms and shall be considered an addition to the budget of the Department of Commerce, Industry and Tourism.

Paragraph 3. In accordance with Article 267 of the Political Constitution, the General Comptroller of the Republic shall engage in tax monitoring of the funds in the Colombian Film Fund (FFC).

Article 4. Administration and Use of Colombian Film Fund (FFC). The Department of Commerce, Industry and Tourism shall administer and use the funds from the Colombian Film Fund (FFC) through an administrative agency that, at the choice of the Department of Commerce, Industry and Tourism may be a fiduciary entity or the Proimágenes Colombia Mixed Fund for Film Promotion, created by Law 397 enacted in 1997.

Article 5. Use of funds from the Colombian Film Fund (FFC). The funds from the Colombian Film Fund (FFC) shall be used in the following lines of promotion of the country as a space to carry out filming activities as follows:

1. Payment of consideration discussed in Article 8 of this law, generated in contracts entered into with film producers.
2. Payment of administrative costs according to the contract or agreement entered into for management and use of the Colombian Film Fund (FFC).
3. Investment in activities for promoting Colombia as a location for filming

Article 6. Colombian Film Promotion Committee. The Colombian Film Promotion Committee (CPFC, acronym in Spanish) is hereby created as the administrative agency for the Colombian Film Fund (FFC), which shall be in charge of:

1. Approving the assignment of funds manual and the contracting manual that shall be followed by the administrative entity for the Colombian Film Fund (FFC).
2. Approving the budget for administrative and control expenses.
3. Approving Colombian film projects and entering into the appropriate contracts between the administrator and film producer.
4. Approving projects to promote the country for carrying out film activities and as a film location and deciding on its performance.
5. Approving of its own regulation.

Article 7. Composition of the Colombian Film Promotion Committee. The Committee shall be made up by:

1. The Secretary of Commerce, Industry and Tourism, who shall preside it.
2. The Secretary of Culture.
3. The President of Proexport.
4. Two representatives with a broad background in the film industry appointed by the President of the Republic.
5. The representative of the producers in the National Counsel for the Arts and Film Culture (CNACC, acronym in Spanish).
6. The Film Director for the Department of Culture.

Paragraph 1. The Secretaries may delegate their representation to a deputy secretary and the Secretary of Commerce, Industry and Tourism to the Deputy Secretary of Tourism. The other members may not delegate their participation.

Paragraph 2. In the absence of the Secretary of Commerce, Industry and Tourism, the Secretary of Culture shall preside, and in the absence of these, the Deputy Secretary of Tourism of the Department of Commerce, Industry and Tourism shall preside. In any event, the Committee may not hold a session without the participation of the Department of Commerce, Industry and Tourism or of the Department of Culture.

Paragraph 3. The Director of the Proimagenes Colombia Mixed Fund for Film Promotion shall be a permanent assistant and shall participate with a voice but without a vote.

Paragraph 4. The members of the Committee may not access funds from the Colombian Film Fund (FFC) on their own or through anyone else.

TITLE III

COLOMBIAN FILM CONTRACTS AND CONSIDERATION

Article 8. Colombian Film Contracts. Once the filming project is approved in Colombia by the Colombian Film Promotion Committee (CPFC), the administrative entity for the Colombian Film Fund (FFC) shall enter into respective Colombian Film Contracts, to be paid out of the Colombian Film Fund (FFC), with the legal entities who as film producers shall carry out the full or partial filming of the films in Colombia, upon complying with the requirements established in the allocation of resources manual.

Paragraph. Projects may only be approved if the film producer shall invest at least one thousand eight hundred current monthly minimum wages (1,800 SMLMV, acronym in Spanish) in the production in Colombia. These funds shall be administered in a trust administered by a trust company that is supervised by the Department of Finance, that the respective producer shall establish and pay for.

Article 9. Consideration. The production companies for films made totally or partially in Colombia which enter into Colombian Film Contracts shall have a consideration equal to forty per cent (40%) of the value of the expenses incurred in the country for film services contracted with Colombian film service companies and twenty percent (20%) of expenses for hotels, food, and transportation, as long as the conditions established in the manual for allocation of resources are complied with.

Paragraph 1. Production companies for national films may or may not enter into contracts through Colombian film service companies.

Paragraph 2. The film owner or producer must fully guarantee rights and benefits contained in Colombian legislation to personnel that is contracted or connected to the country through work.

Article 10. Recognition and Payment of Consideration. The consideration mentioned in the above article shall be recognized for production companies in accordance with the Colombian Film Contract signed in the terms established in this law when the production or postproduction commitments of the film in

Colombia cease. To that end, the production company shall present a request for recognition of consideration in the Colombian Film Production Committee (CPFC, acronym in Spanish), through the administrative entity for the Colombian Film Fund (FFC), based on the expenses incurred in the country, with the documents established in the allocation of funds manual.

Article 11. External Audit. The Administrative Entity of the Colombian Film Fund (FFC) shall carry out the respective reimbursement upon verifying compliance with contractual obligations and requirements established in this law, and upon receiving a favorable determination by the external audit contracted by the producer.

Article 12. Responsibilities. In the event that the payment of consideration is by any means determined to be fully or partially inappropriate, the producing company shall be jointly and severally liable for this with the film service companies according to certificates issued, and the external audit company that issued the favorable determination regarding the appropriateness of consideration. (Note: explain the elimination of trust companies)

Article 13. National Projects. Nationally produced or co-produced films may opt to request access to promotion mechanisms established in this law, or those included in Law 814 of 2003, but not both. The applications indicated in said laws shall establish conditions for the funds in each system to be completely independent from each other.

TITLE IV FINAL PROVISIONS

Article 14. Foreign Technical and Artistic Participation. Foreign income shall be considered to be revenue earned by artists, technicians and production personnel that do not reside in the country, when there is no contract and no payments generated by their participation in foreign film that have a certification issued by the Film Administration of the Department of Culture that said project is registered in the film registry are made in the country.

Article 15. Film Registry. The Film Administration of the Department of Culture shall adapt its film registry system to incorporate the matters covered by this law.

Article 16. Special Visas for Film Talent. The Department of Foreign Relations shall have a special system for admission of foreign production, technical and artistic personnel in order to carry out foreign film production projects without the need to issue work visas. The accreditation of a medical assistance service for the duration of their stay shall be required.

Article 17. Ease of Procedures. Filming audiovisual films in public spaces or public use zones is not considered to be a public performance. Therefore, the permits required to those ends in the country's agencies, the requirements, documents and generally the precautions required for carrying out public performances shall not be applicable.

The country's agencies through the municipal and district mayor's offices and provincial governments, in developing the principles of easing procedures, should have a unified permit that integrates all of the authorizations or requirements necessary in the case of audiovisual filming in public spaces or public use property under their jurisdictions.

Article 18. Validity and Revocation. This law shall enter into effect from the moment of its publication for a period of ten (10) years and revokes all contrary provisions.

RESOURCE ALLOCATION MANUAL OF THE COLOMBIA FILM FUND

AGREEMENT No. 1 FROM 2013

Adopting the *Resource Allocation Manual of the Colombia Film Fund*.

The Colombia Film Promotion Committee,

in the exercise of the faculties conferred upon it by Article 6 of Law No. 1556
enacted in 2012,

AGREES:

Article 1. Purpose. This agreement adopts the *Resource Allocation Manual from the Colombia Film Fund*, created by Law no. 1556 enacted in 2012.

The *Resource Allocation Manual* is attached to this agreement and is incorporated therein.

Article 2. Modifications. *The Resource Allocation Manual* may be subject to modification by the Colombia Film Promotion Committee.

The film projects shall be subject to the rules that are in effect at the moment of their submission.

Article 3. Validity and Annulment. This agreement shall govern from the moment of its publication in the *Official Journal*.

Issued in Bogota on December 13, 2012.

Mariana Garcés Córdoba

President

Colombia Film Promotion Committee

Adelfa Martínez

Secretary

Colombia Film Promotion Committee

APPENDIX

AGREEMENT NO. I FROM 2013, ISSUED BY THE COLOMBIA FILM PROMOTION COMMITTEE

RESOURCE ALLOCATION MANUAL FROM THE COLOMBIA FILM FUND

I. GENERAL

This *Manual* establishes the principles, requirements and conditions for approval of film projects and to obtain the reimbursement from the Colombia Film Fund established in Law No. 1556 enacted in 2012 for expenditures in audiovisual service expenses in the country.

1. USE OF TERMS

For purposes of this *Manual* the following terms and acronyms shall be used:

- a. **Colombia Film Fund.** Fund created by Law No. 1556 enacted in 2012. In this *Manual* it shall be referred to as CFF.
- b. **Colombia Film Promotion Committee.** Deciding organization of the CFF. In this *Manual* it shall be referred to as CFPC.
- c. **Administrating Entity.** The entity appointed by the Department of Commerce, Industry and Tourism for administration and management of the CFF.
- d. **Office of the CFPC.** The Film Administration of the Department of Culture.

- e. **Colombia Film Contract.** Legal transaction carried out between the CFF administrating entity and the producer of the film project that has been approved by the CFPC, for the purpose of regulating conditions of allotment of the reimbursement established in Law No. 1556 enacted in 2012.
- f. **CFF Rules.** Set of provisions from Law No. 1556 enacted in 2012, from its regulatory norms, from this manual, from the Contracting Regulations, or any other rule that regulates aspects related to the allocation of the CFF.
- g. **Reimbursement of the CFF.** Resources that the CFF shall disburse through its administrating entity to the producer whose project has been approved by the CFPC, once the producer proves that he or she incurred in expenses in Colombia related to the aforementioned project and assuming all of the conditions in this manual and, generally, the CFF's rules, have been satisfied.
- h. **Film project.** Film proposal submitted by its producer in the manner indicated in this manual for the purpose of having access to CFF's reimbursement. Said project shall specify film content, as well as the expense and audiovisual work that shall take place in the country.

For purposes of this manual, it may be referred to simply as *the project*.

- i. **National Film Project.** Project submitted for CFF's reimbursement corresponding to a work of film produced or co-produced nationally, that is to say, one that complies with the artistic, technical and economic requirements established in decrees no. 358 from 2000 and no. 763 from 2009, or in the provisions that modify them.
- j. **Foreign Film Project.** Project submitted for CFF reimbursement corresponding to a work that does not meet the requirements to be considered a national work of film.

- k. **Film Services.** Specialized activities that are directly related to pre-production, production and post-production of works of film, including artistic and technical services provided by Colombian natural or legal persons residing or domiciled in the country.

- l. **Film Logistical Services.** Category regarding hotels, food, and transportation necessary to carry out the project that has been approved by the CFPC. The expenses that are carried out in these categories and that give access to the CFF reimbursement do not require intervention by a film service company, as required for other expenses of the project that are the subject of the CFF reimbursement, although the producer may choose to use one of these companies.

- m. **Film Service Companies.** Legal entity that has been legally established in Colombia and registered in the Registry of Film Service Providers of the Department of Culture, the purpose of which includes provision of film services.

- n. **Producer.** Person that has the initiative, coordination, and the responsibility of producing the work of film. It is responsible for entering into contracts with the persons and entities that participate in carrying out the work, and who is the owner of the proprietary rights to the work.

Only producers that are legal entities may submit film projects for the CFF reimbursement.

- o. **Submitting Producer.** A producer that submits its film project for the CFF reimbursement. In this manual, the producer may be referred to as *producer* or *production company*.

- p. **Budget of expenditures in the country.** Budget submitted by the submitting producer in accordance with the format established in this manual. Said budget describes the different amounts and categories of logistical services that shall be contracted in the country. This budget is incorporated in the film project approved by the CFPC.

- q. **Fiduciary certification.** Document issued by the fiduciary institution engaged by the producer to handle project resources, which certifies that they have been spent on film services or film logistical services in accordance with the budget and project approved by the CFPC.

- r. **Audit Certificate.** Document issued by the auditing company contracted by the producer which states to the administrating entity that the issuance of the CFF reimbursement is appropriate, because the elements that are the subject of the audit that this manual refers to have been verified and they have been submitted in the format established therein.

2. GENERAL PRECEPTS

The following general precepts shall be taken into account in the administration and assignment of CFF resources:

- a. **Equality.** National and foreign film projects submitted shall be evaluated with the same criteria, without any order of priority or preference between them.

- b. **Responsibility.** Noncompliance with the project generates the consequences discussed in this manual and those stipulated in the Colombia Film Contract.

- c. **Truth.** It is assumed that all documentation, and in general, information that the submitting producer presents to the CFPC, is true.

At its submission the producer accepts that the CFPC, the administrating entity or other authority designated by the CFPC, shall verify the information deemed necessary; similarly, the producer agrees to submit any information that is required to examine aspects of the project and accepts that no reimbursement shall be issued until any doubts are clarified.

- d. **Number of projects that may be submitted.** One producer may submit several projects to the CFPC.
- e. **Information to the producer.** Information regarding submission of projects does not constitute advice to the submitting producer, nor promise of the allocation of the CFF reimbursement. The expenses in which the latter incurs for submission of the project shall be borne exclusively by it.
- f. **Acceptance of CFF rules.** By submitting a project, the producer accepts the rules established in CFF's regulations, and also states that it knows and accepts all of the requirements and obligations related to the project.
- g. **Calculation of Days.** When this manual or the Colombia Film Contract refer to *days*, it shall mean business days, that is to say, any day from Monday to Friday excluding holidays in Colombia. If the last day of a period is not a business day, it shall transfer to the next business day.
- h. **Rights.** The CFF's reimbursement does not grant proprietary rights to the CFPC or to any other authority regarding chosen projects. It also does not entail joint and several liability of the CFPC or of the administrating entity regarding the chosen project or the work of film resulting therefrom as to any legal consequence that it may face.
- i. **Unjustified breach and discrepancies between the producer and other agents.** Considering the nature of film projects, their development, their

production, and the other stages that comprise them, contractual breach alleging force majeure or act of God, failure to obtain resources other than the CFF reimbursement, or discrepancies or litigation entailed in the producer's relationship with artistic, technical or creative personnel, or with other co-producers, participants, investors or others, shall not be excused.

This manual and the Colombia Film Contract establish the consequences of breach or incomplete performance of the projects.

II. SUBMISSION OF THE PROJECTS

1. SUBMISSION

Projects may be submitted for CFF reimbursement by legal entities that are producers of a national or foreign work of film, as long as they agree to incur in expenses, whether separate or joint, for film services or film logistical services in Colombia, in a minimum amount of one thousand eight hundred legal monthly minimum wages in effect, including taxes.

2. RESTRICTIONS

The following may not submit projects to the CFPC:

- a. Producers who, having received the CFF reimbursement on previous occasions failed to comply with obligations described in detail in the Colombia Film Contract.
- b. Projects in which a member of CFPC, or any person who is the spouse, permanent partner, or relative within the second degree of consanguinity, second degree of affinity or first degree by adoption of a member of CFPC has any economic or property interest (producers, investors, sponsors, financial

backers of any sort), artistic interest (taking into account the list of artistic personnel in accordance with decrees no. 358 from 2000 and no. 763 from 2009), authorship interest (screenwriters, pre-existing work, music, design) or technical interest (taking into account the list of technical personnel in accordance with decrees no. 358 from 2000 and no. 763 from 2009).

- c. Projects that obtained reimbursement by CFF on a prior occasion (except a case in which the reimbursement which is applied for corresponds to a second reimbursement by the CFF, this time for post-production work, as long as it is issued during the year following the first reimbursement).
- d. In the event that the producer does not set up the trust required by Law No. 1556 enacted in 2012 in the period and amount indicated in this manual, it may only resubmit a project after a year from the moment of approval of the respective project.
- e. Projects in which producers described in subparagraph (a) are producers, investors, sponsors, financial backers of any type, or as film service company.
- f. Projects whose producers, co-producers, partners or investors omitted the CFF credit provided in this manual in projects previously chosen to receive benefits.
- g. Producers who previously failed to comply with spending one thousand eight hundred legal monthly minimum wages in effect in the country, once the Colombia Film Contract was entered into. This restriction shall be in effect during the year after the deadline for carrying out and proving the expenses established in the prior project.
- h. Projects that obtained any stimulus from the Film Development Fund (FDF) or that are in the process of evaluation for any application. Similarly, any project

that received a national project resolution for tax purposes of Law 814 enacted in 2003 or are in the process of receiving it.

- i. Producers who having obtained reimbursements from CFF on a previous occasion did not show or publicly communicate the work in a period of three years from the disbursement thereof.

3. OPPORTUNITY

Submissions may be made in person on any business day during business hours at the administrating entity.

In the event that the submitting producer is out of the country, personal submission may be made by the film service company that the producer established through a special power (form 1).

4. REQUIREMENTS AND METHOD OF SUBMISSION

The project shall be submitted in one printed copy and one CD copy, with all of the required documents. The document shall have ring binding, and shall be organized in the order of documentation specified in this manual, numbered consecutively on all of its pages.

Documents shall be submitted as a photocopy, except for those which expressly require the original.

(i) Information from the submitting producer

- a. Application form signed by the legal representative of the production company (form 2).

- b. Citizenship card, alien citizenship card or passport, as the case may be of the legal representative of the production company.
- c. Certificate of incorporation and representation issued by the Chamber of Commerce, with a date of issuance of less than two months, for Colombian production companies. The registration must be current.
- d. Equivalent certification in the country of origin to the certificate issued in the above paragraph for the production company.
- e. Curriculum vitae of the production company indicating other production activities in works of film, film service work or, in general, work or intervention in creative, technical or production fields in this type of work.

(ii) Project information

- a. Synopsis (a double-spaced sheet).
- b. Screenplay. For documentary projects, a treatment and summary of the investigation must be submitted.
- c. Technical Specifications sheet for the project (Form 3).
- d. Total budget for the project.

(iii) Information of Expenses in Colombia

- a. Itemized budget for the project solely with regards to expenses in film services and film logistical services carried out in Colombia (form 4, appendix 1).

- b. Film service company / companies in Colombia that shall provide film services in Colombia, and letter of commitment from each of them (form 5).
- c. Documents that certify general funding of the project through any or several of the following certifications:
- Completion bond executed by an insurance entity which (i) identifies the work using the same title submitted to the CFF; (ii) indicates that the holder is the producer who is applying to the CFF (otherwise a document must be attached clarifying the relationship between the holder and the producer); (iii) states an insured value no less than the value of the expense foreseen in Colombia.
 - Certifications that confirm that the work has a major distributor, or broadcast channel, with funds allocated to cover the budget of the expenditures in the country.
 - Certification regarding the existence of an escrow account (an account in a banking institution specifically identified and with the exclusive and irrevocable purpose of the film project) where, at a minimum, the value of the expense budget is deposited. The certification must contain the purpose of the expenditures in the work.
 - Certification of a banking or financial institution authorized by the Financial Regulatory Agency or by the corresponding institution in the country where the respective entity is registered, stating that the producer shall be the recipient of funding in an amount not lesser than the value of the budget of expenditures in the country.

Paragraph 1. All documents must be submitted in the original language and fully translated into Spanish, with the exception of the identification document. For all

purposes, only information, data and other documents in Spanish shall be taken into account.

Paragraph 2. All of the documents and requirements indicated are considered essential for consideration of submissions

(iv) Guarantee

Projects that are submitted must include a certification of deposit on behalf of the administrating entity of the amount of forty legal monthly minimum wages in effect. This sum shall constitute a guarantee of compliance with the obligations of the producer in the event that its project is approved, and shall be at the sole disposal of the CFF in the following cases:

- a. When the producer whose project has been approved does not enter into the Colombia Film Contract in the maximum period established in this manual.
- b. When the producer does not establish a trust in the maximum period established in this manual.
- c. When the producer does not incur in the expenditure in film services or film logistical services in the minimum amount of one thousand eight hundred LMMWE.
- d. When the producer does not incur in the total approved expenditure of the budget of expenditures in the country (in this case, a maximum reduction of 10% is accepted).
- e. When any of the reasons established in number III.1 of this manual occurs, other than the reason indicated in letter (d) of the same number.

This amount shall be returned to the producer along with the reimbursement of the CFF if it complies with the expenditures proposed for the country. Also, if the project is not approved.

III. EVALUATION PROCESS

The following procedure shall be observed for the evaluation of the projects:

- a. Projects shall be numbered by the administrating entity by order of arrival and reviewed by it during the course of the ten days following their receipt.
- b. The administrating entity shall verify in that term compliance with the requirements established for submission. In the same period of time it shall inform the submitting producer if there is a need to fill out contents of documents or gather documents that are missing, for which a maximum of five days shall be given.

In the event that requested documents are not attached, the project shall be available to the producer at the administrating entity.

- c. Once all of the documents are received in the required manner, the administrating entity shall prepare a preliminary evaluation and an opinion to CFPC, according to the established form.

The opinion shall contain: (i) verification of requirements; (ii) opinion as to project information related to its relevance in accordance with the criteria of Law 1556 enacted in 2012, article 1 (promotion of the country for audiovisual films; promotion of tourist activity, of the country's image, and development of the national film industry). This opinion does not bind the CFPC, an organization that may make its own determinations related thereto.

- d. Projects that are complete shall be submitted to the subsequent session of the CFPC in a general package, for consideration and prioritization by said organization.

In the respective session, the CFPC shall decide whether to approve or disapprove the project for reasons related to compliance with the purposes of Law No. 1556 enacted in 2012. The relevant decision shall be included in an agreement by the CFPC.

Regarding approved projects, the CFPC shall order a Colombia Film Contract to be entered into.

- e. Once the annual total of CFF resources has been allocated, CFPC may establish a waiting list for projects that meet the established requirements.

This situation implies that, if unused CFF funds become available, the projects on the waiting list shall be selected by the administrating entity in the order they were evaluated by the CFPC, to sign the Colombia Film Contract, at which point the producer of the project shall establish the guaranty set forth in this manual.

The producer may inform its decision not to accept, and it shall be understood that it has withdrawn if after fifteen days from being selected to sign the Colombia Film Contract it does not appear. In this event, the provisions of number II.4. (iv) shall apply.

1. REASONS FOR NOT ACCEPTING PROJECTS

- a. When there are reasons that call into question the truth of the documents submitted.

- b. When it is confirmed in the CFPC application that some of the documents and requirements submitted do not comply with the requirements set forth in this manual.
- c. When one of the reasons established in number II.2 of this manual applies to the submitting producer or the project.
- d. When the CFPC determines that the project is not relevant for purposes of promoting the national territory as established in Law No. 1556 enacted in 2012, taking into account criteria similar to what is considered for the concept of the administrating entity.

IV. GENERAL OBLIGATIONS OF THE PRODUCER

The following shall be required of the producer of an approved project:

- a. Entering into the Colombia Film Contract (in accordance with form 6) within a maximum period of fifteen days after receiving notice from the administrating entity regarding project approval. In the event that the producer does not appear to enter into the contract within said period, it shall be taken to mean that it withdraws from the project.
- b. Setting up the trust for the administration of resources that shall be spent in film services and film logistical services, duly identified for said purpose, within a period that is no greater than two months after entering into the Colombia Film Contract.

The trust shall be established in an amount that is no lesser than one hundred percent of the total value submitted by the producer to spend in film services and film logistical services in Colombia during the execution of the project.

If the producer does not set up the trust within the period and in the amount required, it shall imply that it withdraws from the project, even if it sets up the trust once said period has elapsed.

- c. Making the expenditure in film services through one or several film service companies registered in the Registry of Film Service Providers of the Department of Culture and identified in the project submitted to the CFPC. If there is an intention to change the company/companies for a different one(s), which should also be registered, the producer shall request prior approval by the CFPC.

The producer may choose to turn to the film service company for the expenditure of film logistical services in the country. In this sense, it shall be understood for all purposes of this manual that these latter expenses shall be subject to the provisions for film services, if the producer decides to use the film service company for such purposes.

For national film companies, it is optional to use, in any event, the film service company.

- d. Incurring in expenses in film services and film logistical services that seek access to CFF reimbursement only for the items of expenditure in the country included in the budget approved by the CFPC.
- e. Complying with CFF rules regarding submission and performance of the project.
- f. Delivering the credentials upon which disbursement of the reimbursement by CFF are conditional in a timely fashion and making corrections of the case within the term indicated.

- g. Having the external audit established in this manual.
- h. Providing the reports established in this manual, as well as those required by CFPC or the administrating entity with regards to the project.
- i. Once the work of film is concluded, incorporating in it a credit so that when it is shown and in its public communications in any media or format, it is informed that the project received the reimbursement assigned by the CFF, as agreed in the Colombia Film Contract.
- j. Allowing, for strictly cultural, non-commercial purposes, the use of images of the work of film, the duration of which shall be no less than three minutes, for purposes of carrying out activities to promote Colombia for the audiovisual work. This authorization is granted for public institutional materials and purposes of the Film Commission. The allowed images shall be agreed upon by the producer and the administrating entity and shall be delivered to the latter by the producer.
- k. All others stipulated by the Colombia Film Contract.

V. PERFORMANCE AND EXPENDITURE

The producer whose project has been approved by the CFPC shall incur in the expenditures for film services or film logistical services in the items for expenditure in the country included in the budget that was approved, complying with the following parameters and requirements:

- a. The resources that the producer spends in the country to comply with the CFF rules shall enter through the exchange system in accordance with legal rules, which the producer must demonstrate, under its sole responsibility, to financial entities or the appropriate authorities.

- b. Expenditures shall be made through the fiduciary entity established for said purposes and whose information has been informed to the administrative authority.
- c. Expenditures shall be made within a maximum period of six months from the moment the project is approved. The expenditure shall be understood to have been made when the fiduciary emits the corresponding payment to the final recipient.

Expenditures that have not been made within said period shall not be calculated for purposes the disbursement of the CFF reimbursement, although the expenditure that is carried out within the period indicated herein shall demonstrate the minimum amount of one thousand eight hundred LMMWE, including taxes. In the event that the expense is lower than this amount, no reimbursement shall be recognized and the consequences indicated in this manual shall be generated.

The fiduciary transaction should take into account the way in which the film service company shall participate in the expense orders that are issued to the fiduciary, whether as a trustor jointly with the producer, as agent, or as spokesperson of the trust.

First paragraph. The CFPC may establish different periods for performance of the project, in no case lesser than what is indicated in letter (c) if it approves the establishment of the stand-alone trust(s).

Second paragraph. The administrating entity may appoint a person to follow the filming of the work and verify the filming of scenes in Colombia. The same may be defined as to animated works as to technical matters.

VI. CFF REIMBURSEMENT

1. ANNUAL QUOTA FOR CFF REIMBURSEMENT OF FILM PROJECT

The CFPC may set for each year, through an agreement, the maximum amount of the reimbursement that the CFF may assign to each project. This determination shall be made taking into account in a differential way the duration or genre of the work of film.

The CFPC has the authority to increase the maximum quota when deemed convenient for purposes of the CFF.

2. LIMITS AND CHARACTERISTICS OF THE CFF REIMBURSEMENT

CFF reimbursement is subject to limits and has the following characteristics:

- a. In accordance with Law No. 1556 enacted in 2012, producers whose projects have been approved by the CFPC and which enter into and comply with all of the requirements and conditions stipulated in the Colombia Film Contract and in the CFF rules shall be entitled to reimbursement, as to the approved project, equal to forty percent of the value of the expenses incurred in film services contracted through one or several film service companies and twenty percent of the value of expenses in hotels, food and transportation.
- b. In order to have access to CFF reimbursement, the producer must prove that it incurred in expenditures in an amount no lesser than one thousand eight hundred legal monthly minimum wages in effect (LMMWE), including taxes, in the aforementioned film services or in film logistical services. The calculation of LMMWE shall not take into account transportation subsidy.

3. CERTIFICATIONS FOR DISBURSEMENTS OF CFF REIMBURSEMENT

In order to receive disbursements of the CFF reimbursement, the producer must submit the following documents to the administrating entity:

- a. Request for disbursement of reimbursement addressed to the CFPC, indicating the amount spent effectively in the country and the value of the CFF reimbursement requested. Similarly, it must indicate the account the payment should be made to.

- b. Fiduciary certification (form 7) issued by the fiduciary entity engaged by the producer stating the deposit of resources provided in the Colombia Film Contract and its expenditures in the items of the itemized budget of the project approved by the CFPC as relevant in film services or in film logistical services with the following characteristics:
 - (i) The total amount of the expense shall correspond to a sum no lesser than one thousand eight hundred (1,800) LMMWE

 - (ii) The trust certification shall differentiate the numbers of the invoices or identify billing statements, issuers, date each is issued and respective payment dates.

 - (iii) Expenditures in film services certified through billing statements shall only be accepted if the issuer is an individual of the simplified regime corresponding to one of the positions of artistic or technical personnel, in accordance with the definitions of this manual, or in the case of work related to drafting or editing the screenplay.

 - (iv) All of the other film services or logistical services must be invoiced. Certifications (invoices or billing statements, as the case may be) may not have a date prior to the creation of the trust.

- (v) In the event that general payments are made for film services to film service companies, they must be invoiced in full. In that case it is the producer's obligation to submit a detailed description of each of the film services and of each of the film logistical services that has been audited by the external auditor to the administrating entity.
 - (vi) The transfer of film service expenditures to film logistical services should have prior approval by the administrating entity. If there is no prior approval, the respective expense shall not be accepted.
 - (vii) The administrating entity may request information regarding the breakdown of expenses to the trust institution or the producer.
 - (viii) The trust certification shall be submitted to the administrating entity within a maximum of two months after the deadline for incurring in the expenditure in the country, in accordance with letter (c) of number V of this manual. If said date expires without the producer submitting the corresponding trust certification, it shall be understood that the producer has withdrawn from the application for CFF reimbursement, which shall be included as a condition in the Colombia Film Contract.
- c. Within the same maximum period established in number (iv) of the above letter, the producer shall submit to the administrating entity the document issued by the external auditor engaged by the producer (form 8). In addition to the aspects established in the form, the auditor shall certify:
- (i) The expenditures for which the CFF reimbursement is requested corresponds to the items of the budget of expenditures in the country identified in the project and approved by the CFPC.

- (ii) The invoices or billing statements that support fiduciary certification correspond to expenditures of the project approved by the CFF and which satisfy legal requirements.
- (iii) Compliance with parafiscal obligations and regarding social security, health and pensions of Colombian personnel that has been engaged.

In accordance with the CFPC guidelines the administrating entity shall prepare a list of legal auditing entities that meet the requirements needed for certification in required legal and film aspects.

The contracting of each auditing firm shall be carried out by the producer by turning to any of the entities registered in the list indicated in the previous paragraph. The contract shall incorporate a clause which establishes that the document provided in this manual shall be issued directly to the administrating entity and the way in which the administrating entity may request clarifications thereon and have an information relationship with the auditing institution. This provision shall be included in the Colombia Film Contract.

- d. As to foreign works of film, the producer should attach the certification issued by the film service company which certifies the expenses that were incurred through it; similarly, that said company engaged in the contracting that is certified in invoices.

In accordance with what is established in this manual, when national works of film are involved, the producer has the authority to turn to a film service company and consequently what is established in this letter shall be subject to said decision.

Paragraph. The administrating entity may report information regarding the expense certifications to the National Customs and Tax Office (NCTO) and the

Financial Analysis and Investigation Unit (FAIU), or to any other administrative or judicial authority that requests it.

VII. REIMBURSEMENT

The administrating entity shall disburse the CFF reimbursement once it is fully satisfied with all of the required certifications. To this end it shall make one sole disbursement the month after their receipt, in accordance with the CFF's cash resources.

Disbursement shall not be deemed to repair deficiencies in the submission or execution of the project, so that if at any moment the administrating entity finds irregularities it may resort to the appropriate contractual or legal alternatives.

The financial transaction tax shall be discounted from the CFF reimbursement, as well as the foreign transfer fee requested by the producer.

VIII. WORKS CREATED FOR TELEVISION

In accordance with Law No. 1556 enacted in 2012, films produced for the purpose of being broadcast by television or media that is different from the big screen may apply for CFF reimbursement in the manner regulated in this manual, as long as it complies with the following conditions:

- a. It must be one sole work, including being subject to broadcast to the public in up to a maximum of two chapters.
- b. It must not be of an advertising or institutional nature.

.....

(FORM 1)

POWER

I, _____, with the following identification _____ from _____ (COLOMBIAN IDENTIFICATION CARD; ALIEN IDENTIFICATION CARD OR FOREIGN PASSPORT), who work on behalf of and in legal representation of the following entity: _____, established in the republic of _____, with institutional identification number _____ (TIN AND NUMBER OF THE BOOK OF THE CHAMBER OF COMMERCE FOR COLOMBIAN COMPANIES; EQUIVALENT CERTIFICATION AND INFORMATION TO THE CHAMBER OF COMMERCE IN THE COUNTRY OF ORIGIN): _____ (hereinafter the Producer), hereby grant special and sufficient power to _____, identified through Colombian citizenship identification card number _____, who acts as legal representative of the film service company _____ (hereinafter the Representative), TIN _____ (a current certificate of the Chamber of Commerce and certification of the registry of the Film Administration of the Department of Culture are attached for purposes of this document), so that it may submit the project titled _____ on my behalf and in my representation for the reimbursement from the Colombia Film Fund (hereinafter CFF) in accordance with Law No. 1556 enacted in 2012 and the Resource Allocation Manual issued by the Colombia Film Promotion Committee (CFPC).

The above is for the expenses in film services and film logistical services that the Producer shall carry out in Colombia during filming and performance of the aforementioned project.

My representative is solely authorized to submit the project to the CFF and to carry out the corrections required as to said submission.

Cordially,

(The Producer)
Identification _____

Accepted by,

(the Representative)
c.c.

Note. This power shall be authenticated in the presence of a notary public in the country issued, and by the Representative in the presence of a notary in Colombia.

(FORM 2)

PROJECT SUBMISSION TO CFF FORM

Date: _____

Colombia Film Promotion Committee

I, _____, with the following identification _____ from _____ (COLOMBIAN IDENTIFICATION CARD; ALIEN IDENTIFICATION CARD OR FOREIGN PASSPORT), who work on behalf of and in legal representation of the following entity: _____, established in the republic of _____, with institutional identification number _____ (TIN AND NUMBER OF THE BOOK OF THE CHAMBER OF COMMERCE FOR COLOMBIAN COMPANIES; EQUIVALENT CERTIFICATION AND INFORMATION TO THE CHAMBER OF COMMERCE IN THE COUNTRY OF ORIGIN): _____ (hereinafter the Producer), hereby inform you of the following:

1. I submit the audiovisual work titled _____ (hereinafter the Project) for the reimbursement from the Colombia Film Fund (hereinafter CFF), in accordance with the provisions of Law 1556 enacted in 2012, its regulations and the Resource Allocation Manual adopted by the Colombia Film Promotion Committee (hereinafter CFPC).
2. The Project has the following characteristics (Mark relevant options and its characteristics):
 - (i) Feature-length film; duration: _____
 - (ii) Short film; duration: _____
 - (iii) TV movie; duration: _____.
 - (iv) Nationality of the work: _____ (If it is an international coproduction indicate the connected countries).
 - (v) Animation: Yes ___; No_____.
3. The plan for the Project is to film approximately _____ % of its duration and complete filming plan in Colombia (This description does not apply to animations).
4. I know the rules, terms, and conditions established in Law 1556 enacted in 2012, its regulations, the Resource Allocation Manual including the contractual document included therein, and I agree to comply with them in order to carry out the Project and obtain the CFF reimbursement.
5. I certify that in this Project, neither the Producer nor any of the persons connected to said Project have any of the restrictions for participation or submission of Projects established in the Resource Allocation Manual.

6. The plan for the Project is to spend _____ (amount in Colombian pesos in words and numbers) in film services and _____ (amount in Colombian pesos in words and numbers) in film logistical services, in accordance with the Colombia Expense Budget attached to the Project.
7. The following Film Services Company / Companies shall function as intermediary _____, TIN _____; the relevant letter of commitment is attached.

Cordially,

Identification _____ from _____

(FORM 3)

Technical specifications

Title _____
Feature-TV film-Short _____
Genre (Fiction, documentary, animation) _____
Subgenre _____
Language _____ Duration _____
Nationality _____
Film format _____

CHARGE	NAME	NATIONALITY
Producer(s)		
Executive Producer(s)		
Line Producer		
Head of production		
Screenwriter(s)		
Director(s)		
1 st Director's Assistant		
Main Cast		
Secondary Cast		
Casting Director		
Director of Photography		
Cameraman		
Camera assistant		
Gaffer		
Production Designer		
Art Director		
Set Designer		
Costume Designer		
Sound Engineer		
Film / Sound Editor		
Mixer (audio)		
Illustrators		

Total Number of Persons who make up the work team: ____
Number of Colombian natural persons who reside or are domiciled in the country that make up part of the technical, artistic, and production team: ____

Note: This is a technical specifications sheet of the persons that are defined in the work team at the moment of submitting the project to the Colombia Film Fund-CFF. If you deem pertinent you may include additional positions in this sheet. Each item may include more than one person.

(Form 4)

Itemized Budget

TITLE	Total Value
1. Total Production Budget for the Project	
2. Total Budget of Production Expenses in Colombia	
3. Total Budget of FS and FLS Expenses	
4. Total Amount of VAT in Colombia	

TITLE	Total Value	% of Reimbursement	Reimbursement
5. Budget of FS Expenses in Colombia (before VAT)		40%	
6. Budget of FLS Expenses in Colombia (before VAT)		20%	
7. Other Expenses in Colombia Not Subject to Reimbursement		0%	-0-
8. Total Amount of reimbursement in FS and FLS			

1. Refers to total value of the project without including promotion expenses (P&A).
2. Refers to all of the project expenses incurred in the Colombia.
3. Total Budget in Film Services (FS) and Film Logistical Services (FLS) incurred in Colombia.
4. Calculation of Total Amount of VAT to be paid in Colombia.
5. Total Budget in Film Services (FS) in Colombia calculated before VAT. In the **Reimbursement** box, multiply the total amount by the percentage of reimbursement
6. Total budget in Film Logistical Services (FLS) calculated in Colombia before VAT. In the **Reimbursement** box multiply total value by percentage of reimbursement.
7. Corresponds to other expenses carried out in Colombia not subject to reimbursement.
8. Corresponds to the total amount of the reimbursement, the sum of 40% in Film Services (FS) and 20% in Film Logistical Services (FLS).

NOTE:

The amounts indicated in this chart should correspond to what is indicated in the budget that is part of Appendix 1. Also, please indicate which accounts of the original budget (Appendix 1) make up the amounts in boxes 5 and 6.

(FORM 5)

FILM SERVICE COMPANY COMMITMENT LETTER

Date: _____

Colombia Film Promotion Committee

I, _____, with the identification card number _____ from _____, who appear on behalf of and in legal representation of the following film service company _____, TIN _____ (current certificate of incorporation and legal representation, issued by the Chamber of Commerce and certification of the registry of the Film Administration of the Department of Culture attached), indicate to you for purposes of Law No. 1556 enacted in 2012 and the relevant Resource Allocation Manual, that we have agreed to work as film services company in the audiovisual project titled _____, which shall be submitted for the reimbursement from the Colombia Film Fund by the following production company _____.

We assume the commitment of submitting the relevant certifications regarding the performance of our activities to Proimágenes Colombia once project expenses have been incurred.

Cordially,

c.c.

Legal Representative of _____

(FORM 6)

COLOMBIAN FILM FUND CONTRACT FORM

COLOMBIA FILM CONTRACT No _____/2013 BETWEEN PROIMÁGENES COLOMBIA AND _____ (CHARGED AGAINST COLOMBIA FILM FUND)

PARTIES:

First party: **Claudia Triana Soto**, identified by Bogotá citizen identification card number 41.685.231, acting on behalf and as the representative of "**PROIMÁGENES COLOMBIA**" **MIXED FUND FOR FILM PROMOTION**, a mixed partnership Civil Corporation, TIN 830.046.582-4, registered in the Bogotá Chamber of Commerce, under number 15532 of Book I for non-profit entities (hereinafter **PROIMÁGENES**);

And the other party: _____, identified by _____ of _____ (**IDENTIFICATION CARD FOR COLOMBIANS; ALIEN IDENTIFICATION CARD OR FOREIGN PASSPORT**), acting on behalf and as the legal representative of _____, established in the republic of _____, with institutional identification _____ (**TIN AND NUMBER OF BOOK FOR CHAMBER OF COMMERCE FOR COLOMBIAN COMPANIES; DATA AND CERTIFICATION EQUIVALENT TO CHAMBER OF COMMERCE IN THE COUNTRY OF ORIGIN**): _____ (hereinafter the **PRODUCER**)

Upon the following conditions:

1. Law 1556 of 2012 regulates the operation and use of the Colombia Film Fund (hereinafter **CFF**).
2. The **PRODUCER** submitted the audiovisual project titled _____ (hereinafter the **PROJECT**) in order to have access to the reimbursement (hereinafter the **CFF REIMBURSEMENT**) for expenses for film services and film logistical services in Colombia (hereinafter jointly referred to as the **PROJECT SERVICES IN COLOMBIA**).
3. The **PRODUCER** deposited in the account indicated for this purpose the sum of forty (40) current monthly minimum legal salaries (**SMLMV**) at the time of submitting the **PROJECT** in order to guarantee compliance with the specified obligations (hereinafter the **GUARANTEE**).
4. By virtue of the document issued on _____, the Colombia Film Promotion Committee (hereinafter **CFPC**) approved the **PROJECT**, subject to law 1556 of 2012, its rules, and the Resource Allocation Manual approved by **CFPC**

(hereinafter the **RESOURCE ALLOCATION MANUAL**). The aforementioned provisions shall hereinafter in conjunction be referred to as (the **CFF RULES**).

We have agreed to execute this contract subject to the current Civil and Commercial legislation in the Republic of Colombia, the CFF RULES, and the clauses stated immediately below:

FIRST. SUBJECT. This contract stipulates the conditions, obligations, and other requirements to allow the disbursement of the CFF REIMBURSEMENT to the PRODUCER, if the latter incurs expenses for PROJECT SERVICES IN COLOMBIA pursuant to the PROJECT submitted to CFPC.

Paragraph. THE PROJECT is an integral part of this contract. In the event of conflict between the latter and the contract, the contract shall prevail.

SECOND. USE OF TERMS. In addition to the terms written in uppercase and between parentheses in this contract, the terminology contained in number I.1. of the RESOURCE ALLOCATION MANUAL shall be applicable for purposes of the same.

THIRD. PRODUCER OBLIGATIONS. The following are the obligations of the PRODUCER:

- 3.1. Establishing a trust in an entity secured by the Financial Regulatory Agency, for the administration of the funds to be spent in PROJECT SERVICES IN COLOMBIA, specifically designated or identified for this purpose, within a period not exceeding two (2) months following the execution of this contract.

The trust must be established for an amount of at least thirty per cent (30%) of the total submitted by the PRODUCER to be spent in PROJECT SERVICES IN COLOMBIA, according to the budget approved by CFPC (hereinafter the **BUDGET FOR EXPENSES IN THE COUNTRY**).

Regardless of the reason that may cause it, if the PRODUCER does not establish the trust within the stipulated period and in the stipulated amount, this shall imply that it has given up the PROJECT, even if it is subsequently established. In this case, the amount of the GUARANTEE shall be assigned to PROIMÁGENES for CFF purposes and the future participation restrictions stipulated in the RESOURCE ALLOCATION MANUAL shall be imposed on the PRODUCER.

- 3.2. Incurring the expense for film services by Film Service Company(ies) registered in the Registry of Film Service Providers of the Department of Culture and identified in the PROJECT.

When intending to incur the expense with a Company that has not been identified in the PROJECT approved by CFPC, the PRODUCER must request prior approval by CFPC; it is also provided that if it is denied, said expense may not be the subject of the CFF REIMBURSEMENT.

The PRODUCER shall be authorized to use a Film Service Company for incurring film logistical expenses in the country. It is hereby agreed that the latter shall be subject to the estimates for film services, if the producer decides to use said service.

Paragraph. For national works of film, it is optional to use, in any case, the Film Service Company.

- 3.3. Incurring the expense for PROJECT SERVICES IN COLOMBIA, for which the CFF REIMBURSEMENT is requested, solely for the items in the BUDGET FOR EXPENSES IN THE COUNTRY approved by CFPC.

Regardless of the reason that may cause it, if the PRODUCER does not incur the total expense in the BUDGET FOR EXPENSES IN THE COUNTRY approved by CFPC, the GUARANTEE shall be assigned to PROIMÁGENES for purposes of CFF, and the future participation restrictions established in the RESOURCE ALLOCATION MANUAL shall be imposed.

Paragraph. A reduction of up to ten per cent (10%) of the BUDGET FOR EXPENSES IN THE COUNTRY shall be accepted, without the consequences stipulated in the paragraph above, as long as there is a minimum expense of one thousand eight hundred (1.800) SMLMV.

- 3.4. Shooting the audiovisual work in relation to the PROJECT, in whole or in part, in Colombia. PROIMÁGENES may designate a person from its team to be present during shooting.

In the case of works of animation no shooting is done; what is done is production work during which an agent of PROIMÁGENES may also be present.

- 3.5. Complying with CFF RULES in the submission and performance of the PROJECT.
- 3.6. Delivering, in a timely manner, to PROIMÁGENES, the certifications needed for the disbursement of the CFF REIMBURSEMENT, and making the appropriate corrections within the allotted term.
- 3.7. Submitting the reports stipulated in this contract, as required by CFPC, or PROIMÁGENES, in relation to the PROJECT.

Without prejudice of other reports specifically agreed-upon, the PRODUCER agrees to submit and support within the period required by PROIMÁGENES, which shall not be less than three (3) days, all of the financial, accounting, contractual, performance, and documentary reports, among others, in relation to the procedures for or performance of the PROJECT.

- 3.8. Showing or communicating to the public the audiovisual work resulting from the PROJECT. Failure to show it or communicate it to the public shall result in the effect provided in the RESOURCE ALLOCATION MANUAL related to future participation restrictions.
- 3.9. Incorporating a credit into the work once it is finished, and for public notice, in any medium or format, in accordance with the instructions of PROIMÁGENES. In case of breach of the provisions contained in this number, the future participation restrictions established in this RESOURCE ALLOCATION MANUAL shall apply.
- 3.10. Allowing, for strictly cultural and non-commercial purposes, the use of images from the work of film, the duration of which shall be no less than three (3) minutes, in order to perform promotional activities in Colombia for the audiovisual work. Said authorization is given for public institutional materials and purposes of the Film Commission. The allowed images shall be agreed-upon between the producer and the administrating entity and shall be delivered to the latter by the producer.
- 3.11. Refraining from assigning this contract to third parties. Notwithstanding the above, PROIMÁGENES shall be able to disburse the CFF REIMBURSEMENT to a financial entity or financial fund, which granted credit to the PRODUCER, at the request of the latter.
- 3.12. Refraining from accepting participation in the PROJECT by the persons described in the submission restrictions in accordance with the RESOURCE ALLOCATION MANUAL.
- 3.13. Any other provision in the RESOURCE ALLOCATION MANUAL.

FOURTH. OBLIGATIONS OF PROIMÁGENES. The following are the obligations of PROIMÁGENES:

- 4.1. Disbursing the CFF REIMBURSEMENT within the agreed-upon periods, provided that the requirements, obligations, and conditions stipulated in this contract have been complied with.

- 4.2. Returning to the PRODUCER, within sixty (60) days following the termination of this contract, the GUARANTEE, if compliance with its obligations is verified.

FIFTH. CFF REIMBURSEMENT. The maximum amount of the CFF REIMBURSEMENT that PROIMÁGENES may disburse to the PRODUCER, if the latter complies with each and every one of its obligations in this regard, shall be the amount of _____(\$ _____). The same shall be used as the contract reference amount for all purposes.

Any tax or withholding derived from the CFF REIMBURSEMENT shall be at the expense of the PRODUCER.

SIXTH. CFF REIMBURSEMENT DISBURSEMENTS. PROIMÁGENES shall carry out a disbursement of the CFF REIMBURSEMENT, at the request of the PRODUCER, pursuant to the certification of the expense for PROJECT SERVICES IN COLOMBIA. It shall cover:

- 6.1. Up to forty per cent (40%) of the amount for film service expenses identified in the BUDGET FOR EXPENSES IN THE COUNTRY approved by CFPC.
- 6.2. Up to twenty per cent (20%) of the film logistical service expenses identified in the BUDGET FOR EXPENSES IN THE COUNTRY approved by CFPC.

First Paragraph. The CFF REIMBURSEMENT may not exceed, in its entirety, the amount established in the fifth clause, as long as the expenses are certified for an amount of at least one thousand eight hundred current monthly minimum legal salaries (1.800 SMLMV), including taxes.

Second Paragraph. The VAT amount shall not be added to the expenses accepted for the CFF REIMBURSEMENT.

SEVENTH. CERTIFICATIONS. In order to disburse the CFF REIMBURSEMENT, the PRODUCER must provide PROIMÁGENES with the following documents:

- 7.1. Certification issued by the fiduciary entity (hereinafter the **FIDUCIARY CERTIFICATION**), addressed to PROIMÁGENES, establishing the deposit of the resources for the PROJECT in the trust and its expenditure for the items in the BUDGET FOR EXPENSES IN THE COUNTRY.

The FIDUCIARY CERTIFICATION must be issued in the form established by the RESOURCE ALLOCATION MANUAL and shall take the following parameters into account: (i) The total amount of the expense for PROJECT SERVICES IN COLOMBIA must be equal to an amount of at least one thousand eight hundred (1.800) SMLMV, separating taxes; (ii) List the numbers of invoices or identify collection accounts; its issuers; the date of

issuance of each one and the respective payment dates; (iii) Film service expenses certified through collection accounts shall only be accepted if their issuer is a natural person under the simplified system corresponding to any of the technical or artistic personnel positions pursuant to the definitions in the RESOURCE ALLOCATION MANUAL; or in the case of works related to the writing or correction of scripts. All other film services or film logistical services must be invoiced. The certifications (invoices or collection accounts, as applicable) may not have a date prior to the establishment of the trust; (iv) In case of general payments for film services made to Film Service Companies, they must be invoiced in their entirety. In this event, it shall be the obligation of the PRODUCER to submit a breakdown of each of the film services and each of the film logistical services, audited by the external auditor stipulated in this contract; (v) Film service (FS) expenses may only be transferred to film logistical services (FLS) with approval from the managing entity. Without such approval, the respective expense would not be accepted. (vi) PROIMÁGENES may request that the fiduciary or the producer provide information regarding the breakdown of the expenses; (vii) The FIDUCIARY CERTIFICATION must be submitted to PROIMÁGENES, within a maximum of two (2) months following the expiration date for the period allotted to make the expenditure in PROJECT SERVICES IN COLOMBIA. If said period expires, and the producer has not submitted the corresponding FIDUCIARY CERTIFICATION, it shall be considered that it has given up the CFF REIMBURSEMENT.

- 7.2. Item issued by the external auditor (legal person in charge of the external audit) engaged by the PRODUCER (hereinafter the **AUDITING FIRM**). Said item must be submitted in the form established by the RESOURCE ALLOCATION MANUAL and, in addition to the aspects established in the form, it must certify: (i) That the expenses, whose CFF REIMBURSEMENT is being requested, correspond to the items in the BUDGET FOR EXPENSES IN THE COUNTRY approved by CFPC; (ii) That the invoices or collection accounts supporting the FIDUCIARY CERTIFICATION are true, since they correspond to the expenses in the BUDGET FOR EXPENSES IN THE COUNTRY approved by CFPC, and that they comply with the legal requirements; (iii) That compliance with the obligations regarding payroll taxes and pension and health social security matters related to the engaged Colombian personnel has been verified.

First Paragraph: The AUDITING FIRM must be engaged by the PRODUCER through a contract accepted by PROIMÁGENES.

The contract between the PRODUCER and the AUDITING FIRM must contain a clause stating: “The item contained in this contract shall be issued by the AUDITING FIRM, in the form established by the RESOURCE ALLOCATION MANUAL of CFF, addressed to PROIMÁGENES. It shall be the obligation of the AUDITING FIRM to submit to PROIMÁGENES the

explanations or clarifications required by this entity. As provided, the PRODUCER shall not have any relation to or power over the AUDITING FIRM.”

- 7.3. In the case of foreign audiovisual works, the PRODUCER must attach the certification(s) issued by the film service company(ies), certifying that the film services were provided by the same. Said certification shall also be attached if the PRODUCER voluntarily employed said intermediary for film logistical services.
If the national PROJECT voluntarily used said intermediary, it must submit said certification.

EIGHTH. INTERPRETATION AND JOINT AGREEMENTS. The parties agree to accept as the rules for interpreting this contract, and to be bound by, the following stipulations and statements:

- 8.1. By virtue of the nature of the film projects, a breach of this contract or of the PROJECT by the PRODUCER cannot be excused, and the latter recognizes and states that in no case will the following events constitute force majeure or acts of God: **(i)** Insufficiency of other financing sources, or its impossibility to obtain or negotiate resources. **(ii)** Difficulties, discrepancies or litigations related to the contractual relations of the PRODUCER with the artistic, technical or creative personnel, or other co-producers, participants, investors, or third parties related to the PROJECT. **Paragraph.** The parties understand, in order to execute this contract, that the CFF REIMBURSEMENT does not substitute the obligation of the PRODUCER to carry out the PROJECT with its own resources.
- 8.2. The CFF REIMBURSEMENT does not constitute compensation for services to the PRODUCER. This contract is a civil and commercial contract, and does not generate any other relation between the parties.
- 8.3. The PRODUCER agrees that, in case of any situation where there is doubt in relation to the reports and certifications submitted by the same, PROIMÁGENES shall have the right to refrain from disbursing the CFF REIMBURSEMENT until the situation is clarified, and states that said suspension of the disbursement may not be alleged in its favor as a reason to not finish the PROJECT, or as a cause of injury to third parties.
- 8.4. Neither PROIMÁGENES nor CFPC have any liability regarding the PROJECT. Any fact resulting from the PROJECT, including labor and contractual relations, among others, acquired by the PRODUCER in relation to third parties, shall be the sole responsibility of the PRODUCER, who shall make sure not to harm the above-referenced entities, at any time, including, but not limited to, any claims in respect of salaries, fees, disputes regarding the copyrights of authors or co-producers and investors.

- 8.5. The obligations of the PRODUCER contained in this contract are performance obligations. The PRODUCER hereby states that all of the information included in the PROJECT is true and correct. The inaccuracy of the information of the PROJECT, or of the certification of expenses for PROJECT SERVICES IN COLOMBIA, constitutes grounds to deny assignment of the CFF REIMBURSEMENT.
- 8.6. Any interests gained by the GUARANTEE belong, in any of the cases stipulated in this contract, to PROIMÁGENES, for CFF purposes.
- 8.7. The executor of this contract hereby states that it has all of the capacities necessary to bind the PRODUCER in the stipulated manner, and that it shall be personally and jointly and severally liable for the inaccuracy of this statement.
- 8.8. The parties hereby state that each of the statements and obligations in this contract correspond to the free exercise of the autonomy of their wills, excluding any defect in their consent or coercion, with full understanding of the scope of each statement and stipulation. Also, that each of them has been separately counseled before entering into this legal relationship.

NINTH. TERM. The maximum term of this contract shall be nine (9) months from its execution by the parties. In the event that it is satisfied before said term, the parties shall be able to terminate it and perform the stipulated offset of accounts.

Without prejudice of the aforementioned maximum term, the following terms are hereby agreed-upon:

- 9.1. The maximum term to make the expenditure in PROJECT SERVICES IN COLOMBIA shall be six (6) months from execution of this contract by the parties.
- 9.2. The term to establish the trust for administering the resources for expenses for PROJECT SERVICES shall not exceed two (2) months from execution of this contract.
- 9.3. The maximum term for delivery of the certifications for the disbursement of the CFF REIMBURSEMENT shall be two (2) months from the expiration date of the term mentioned in the number above. In all cases, once the making of expenditures for PROJECT SERVICES IN COLOMBIA is concluded, the PRODUCER shall be able to submit the certifications in advance. If any of the certifications is not submitted within said term, it shall be considered that the PRODUCER has given up the CFF REIMBURSEMENT.

- 9.4. The term for disbursement of the CFF REIMBURSEMENT, if all of the conditions and certifications are satisfied, shall be one month following submission of all certifications in the appropriate form.
- 9.5. The credit obligation in relation to CFF shall exist until the date of the premiere of the corresponding audiovisual work.
- 9.6. The right to file a claim for facts learned by PROIMÁGENES after the date of termination of this contract shall exist indefinitely and, if this is the case, until the expiration of the statute of limitations for all corresponding actions.

TENTH. BREACH BY THE PRODUCER. A failure to comply with the obligations of the PRODUCER shall result in the right to collect the stipulated penalty clause, to terminate the contract, if it is still in effect, and to the corresponding legal actions. In this case, the following agreed-upon procedures shall be followed to guarantee its rights:

- 10.1. PROIMÁGENES shall invoke this clause and notify to the PRODUCER, in writing, of the fact of the breach; the latter may state its explanations, in writing, within ten (10) days following the date on which the notice is sent. PROIMÁGENES may send one or several notices.
- 10.2. If the breach continues, PROIMÁGENES shall call the PRODUCER to a meeting to define the bilateral termination of the contract, if it is still in effect, for which a term of at least thirty (30) days shall be applied. If the PRODUCER does not arrive to the meeting for the bilateral termination and does not settle the agreed-upon monetary penalty, PROIMÁGENES shall notify, in writing, of the end of the contractual relationship to the PRODUCER. PROIMÁGENES shall be able to require payment of the monetary penalty and, if applicable, initiate the corresponding actions, as well as a claim for the harm caused.

First Paragraph. The following shall be considered a breach of contract subject to the provisions of this clause: **(a)** Providing information that is not true in relation to the PROJECT submitted to CFPC, or in relation to this contract, regardless of when PROIMÁGENES learns of it. The parties agree that, for these purposes, a court judgment or declaration will not be necessary; what will be necessary is a comparison of information by PROIMÁGENES. In these cases, PROIMÁGENES shall notify to the appropriate criminal authorities of the facts that may be punishable. The disbursement of the CFF REIMBURSEMENT does not correct any defects during the submission of the PROJECT or during the performance of the contract. **(b)** The execution of this contract by the PRODUCER, when the latter is under any of the restrictions for submission of projects provided in the RESOURCE ALLOCATION MANUAL. **(c)** Failing to include the credit in favor of CFF in the public notice of the audiovisual work, which will only result in the payment of the

monetary penalty and in the participation restrictions in the RESOURCE ALLOCATION MANUAL.

Second Paragraph. During any state of the procedures agree-upon in this clause, the parties may mend their differences.

Third Paragraph. Events for which another consequence has been provided in this contract shall not be considered as a breach of contract that would result in the actions provided in this clause or in the payment of the agreed-upon monetary penalty, in particular: **(a)** Failing to establish a trust within the term and in the amount agree-upon; **(b)** Failing to make expenditures for the minimum amount of 1.800 SMLMV; **(c)** Failing to make the expenditures provided in the BUDGET FOR EXPENSES IN THE COUNTRY approved by CFPC. In these cases, as stipulated, the GUARANTEE shall be assigned to PROIMÁGENES for purposes of CFF, and the future participation restrictions provided in the RESOURCE ALLOCATION MANUAL shall be applied.

ELEVENTH. MONETARY PENALTY. By agreement between the parties, in the event that the PRODUCER fails to comply with any of the obligations described in the above clause, an amount equal to ten per cent (10%) of the total value of the contract is hereby set by virtue of a penal clause. Said amount shall be considered the anticipated, but not definite, valuation, for the harm caused to PROIMÁGENES as the administrator of the CFF. The parties hereby agree that the payment of the penalty shall not extinguish the main obligation and that they waive any court requirement or formal declaration.

TWELFTH. ENFORCEABLE DOCUMENT. The parties hereby agree to grant and acknowledge the enforceable nature of this contract for collection in the stipulated cases of breach. **Paragraph.** The parties hereby agree that a court requirement or formal declaration shall not be necessary as requirements prior to the herein agreed-upon enforceability.

THIRTEENTH. MONITORING. PROIMÁGENES shall monitor this contract through its personnel and according to its internal functions. This shall be documented prior to the disbursement of the CFF REIMBURSEMENT. The parties understand and agree that, without prejudice of the disbursement of the CFF REIMBURSEMENT, and without prejudice of the monitoring and offset of accounts of the contract, in the event of subsequent events constituting a breach of the obligations of the PRODUCER, PROIMÁGENES may initiate the relevant legal actions and claims.

A delay by PROIMÁGENES in the exercise of its rights and actions resulting from a breach by the PRODUCER may not be interpreted as a waiver of the right to exercise them or as an acceptance of the circumstances resulting in the breach.

FOURTEENTH. OFFSET OF ACCOUNTS. Upon the end of this contract, the parties shall perform an offset of accounts with a breakdown of the disbursement of the CFF REIMBURSEMENT and the situation of the PROJECT. PROIMÁGENES shall do it directly, as authorized by the PRODUCER, if the latter does not appear to do so following two (2) months upon termination of the contract.

FIFTEENTH. TERMINATION. The following shall be grounds for contractual termination: **(i)** The ones provided in civil legislation; **(ii)** A joint agreement; **(iii)** The parties hereby agree that the contract shall end before the end of its term by communication from PROIMÁGENES to the PRODUCER in the cases and in the forms stipulated in the same.

SIXTEENTH. CONTRACTUAL ADDRESS. For all purposes, the address of this contract shall be Bogotá D.C. In case of a legal claim, the latter shall be filed in the jurisdiction of Colombia.

The parties shall be considered to receive communications or notices at the following addresses. Each of them agrees to notify to the other any change in the data specified in this clause:

PROIMÁGENES: 35th Street No 5 - 89 (Barrio La Merced) - Bogotá D.C., Colombia

The PRODUCER: _____.

SEVENTEENTH. VALIDITY AND EXECUTION. This contract shall be executed and come into effect for legal purposes on the date that it is signed by the parties. In proof thereof, it is signed in Bogotá D.C., _____.

By PROIMÁGENES

By the PRODUCER

Claudia Triana Soto

(FORM 7)

TRUST CERTIFICATION

Date: _____

Colombia Film Promotion Committee

_____, TIN _____, the trustee, duly authorized to operate and monitored by the Colombia Financial Regulatory Agency, certifies that:

1. The following company _____, identification: _____, represented by _____, identification: _____ (hereinafter Trustor), established in this fiduciary institution the following trust: Administration Trust _____; Standalone Trust _____; notes _____ (hereinafter the Trust).
2. The trust established on _____, 2013, for the purpose of making expenditures in film services _____ and/or in logistical film services in Colombia (Place an X), for the film project titled _____.
3. The following participated as film service companies: _____; TIN _____.
4. The Trust disbursements for purposes of film service and/or film logistical service expenditures were made between _____, 2013 and _____, 2013, in accordance with the **attached breakdown** which describes the item, amount paid and invoice number, for a total amount of _____ (amount in letters and numbers), which corresponds to a total of _____ (amount in letters and numbers corresponding to legal monthly minimum wage in effect in 2013 – not including commuting subsidy)
5. The Trust disbursements for purposes of film services and/or film logistical services through the Trust correspond to the Budget of Expenditures in Colombia approved by the Colombia Film Promotion Committee (CFPC), **attached to this certification**, which was delivered at the moment of establishing the Trust by the Trustor.

As to the Budget of Expenditures in Colombia, where there variations? YES ____ NO____. If the answer is YES, describe in the **attached breakdown**.

6. This certification is issued for purposes of Law No. 1556 enacted in 2012.

Cordially,

Position _____

(FORM 8)

EXTERNAL AUDIT CERTIFICATION

Date: _____

Colombia Film Promotion Committee / "Proimágenes Colombia" Mixed Fund for Film Promotion

_____, TIN _____, audit company, duly authorized to operate in Colombia (hereinafter the Auditing Firm), certifies that:

1. The following company: _____, identification: _____, represented by _____, identification: _____ (hereinafter, the Producer), established in the fiduciary institution (hereinafter the Trust) the: Administration Trust _____; Standalone Trust _____; notes _____ (
2. The trust was established on _____, 2013, for purposes of carrying out film service expenses _____ and/or film logistical expenses in Colombia (Place an X), for the audiovisual project titled _____.
3. The following companies participated as film service companies: _____; TIN _____.
4. The disbursements of the trust for purposes of film service expenditures and/or film logistical service expenditures were made between _____, 2013 and _____, 2013, in accordance with the **attached breakdown** duly audited by the Auditing Firm, which describes the item, amount paid, and invoice number, billing statement list, for a total amount of _____ (amount in words and numbers), which corresponds to a total of _____ (amount in words and numbers corresponding to legal monthly minimum wage in effect in 2013 - LMMWE- without transportation subsidy)
5. The disbursements of the Trust for purposes of film service expenditures and/or film logistical service expenditures through the trust correspond to the Budget of Expenditures in Colombia approved by the Colombia Film Promotion Committee (CFPC), which was delivered to the Auditing Firm by the Producer.

As to the Budget of Expenditures in Colombia, were there variations? YES ____ NO ____ . If yes, describe in the **attached breakdown**.

6. This Auditing Firm carried out the audit procedures for the expenses in film services and/or film logistical services according to payments made by the Fiduciary and it certifies that they comply with the legal parameters existing in

Colombia regarding issuance of invoices and billing statements and parafiscal obligations.

7. This Auditing Firm certifies that in the film service and film logistical service expenditures the legal parameters established in law 1556 enacted in 2012 and the Resource Allocation Manual issued by the Colombia Film Promotion Committee were complied with. The invoices and billing statements comply with the requirements of the Resource Allocation Manual.
8. In light of the above it finds that it is appropriate for Proimágenes Colombia make the disbursement of the reimbursement of the CFF to the Producer in a maximum amount of _____ (amount in words and numbers) in accordance with the Colombia Film Contract entered into by the aforementioned parties.

Cordially,

Position _____
Professional Accountant Card.

(APPENDIX 1)

Instructions for itemized budget delivery

A detailed and itemized general budget in Colombian pesos for the project must be delivered which shall list the expenses in Film Services (FS) and in Film Logistical Services (FLS) carried out in Colombia. Said budget must be sent in active source format; only budgets prepared in *Entertainment Partners- Movie Magic Budgeting* discriminated at least to level 3, or itemized file on Excel shall be accepted.

Additionally, a digital and printed copy of the same budget on PDF with date of preparation as a watermark shall be attached.

Keep in mind that the reimbursement only applies to Film Service Expenses and Film Logistical Services incurred in Colombia calculated prior to VAT (Value Added Tax). No purchase expenses for any type of asset shall be recognized. No per diem paid to the production work team (technical, artistic and production), shall be accepted either, and no expenses corresponding to national or international promotion of the project (P&A).

NOTE:

The content of this document does not constitute any type of professional advice whatsoever. If it is intended to act based upon the information included herein, will be under sole responsibility of the reader, who should seek professional advice for its own particular situation. Therefore, Proimágenes Colombia shall not assume any type of responsibility whatsoever, for any decisions made based on this document or the web page www.locationcolombia.com. All the information for participation purposes must be submitted in Spanish. The content in English is a simple guide for the reader and does not compromise in any way the liability of Proimágenes Colombia.