

---

## Chapter 21: Assignment 21

### 1. In a short essay, describe the basic method known as foreign presales and gap financing?

Foreign presales deal with building a package of the un-shot film and pre-selling it to the international buyers at a film market. This provides them the rights to distribute the film in their country at a deeply discounted price. The contracts have value which is a percentage of the budget of the film. These contracts can be used as collateral to go to a bank with an entertainment division and get a loan to provide further funding for the rest of the film. This is termed gap financing.

### 2. Why is an entertainment attorney important? How can he help you?

An entertainment attorney is important as they look over all the contracts to make sure everything is locked down properly, talk to agents and usually the good ones are well networked in the film industry and can help connect you with the right people.

### 3. Explain the different kinds of insurance and why they are important.

Workers Compensation: This insurance covers me and my employees if a workplace accident occurs and injures an employee.

Liability Insurance: This insurance covers being liable for any civil damages e.g. if a car chase goes out of control, any of the collateral damage would be covered under the liability insurance such as an innocent bystander is hit.

Equipment Insurance: This insurance covers and damage to any of the equipment on set.

E&O Insurance: This insurance is required if distributing the film. It covers

- a). infringement of copyright
- b). libel or slander
- c). invasion of privacy
- d). plagiarism or unauthorized copying of ideas
- e). defamation or degrading of products and
- f). infringement on title, slogan or trademark.

Completion Bond: This is a guarantee from an insurance company to the investors that a project will be completed or all moneys returned to the investor in the event of project abandonment.

### 4. Why aren't permits always necessary and how do you know when to get them?

Permits are not always necessary if you are shooting inside a building or filming guerilla-style. To know when a permit is necessary contact the local film commission in the city you are filming.

---

**5. What are the various methods available to help you raise cash? Can you think of any others that are not mentioned in this chapter?**

- Gap Financing
- Hedge Fund Financing
- Personal Finances
- Investors
- Crowdfunding

Other sources of cash not mentioned in the chapter are:

- Bank Loans
- Friends and Family
- Film Studios