



## **HFA & Audio Home Recording Act Royalties**

**If you would like HFA to collect and distribute Audio Home Recording Act (AHRA) royalties on your behalf, please read the following and complete and return the attached Authorization form, as well as the W-9 and Direct Deposit form.** There is a one-time, non-refundable \$35 Authorization form processing fee, which must accompany the submission of your Authorization materials. Please make your check or postal money order payable to The Harry Fox Agency, Inc.

- **You do not have to affiliate with HFA for any other licensing and royalty collection and distribution activity in order for HFA to collect and distribute AHRA royalties to you. You will be asked to provide an accounting of your mechanical royalty collections so your pro-rata share of the AHRA funds can be properly distributed to you.**
- **If you are already an HFA-affiliated publisher and are unsure if you authorized HFA to handle AHRA royalties for you, please contact HFA Publisher Services at 212-834-0100 or email [publisherservices@harryfox.com](mailto:publisherservices@harryfox.com).**

In 1992, Congress passed the landmark Audio Home Recording Act (AHRA), which amended the U.S. Copyright Law to require electronics manufacturers and importers to pay royalties on consumer digital audio recording devices (hardware) and digital audio recording media (blank recordable tapes and discs) manufactured and distributed in the United States or imported into and distributed in the United States. It also requires digital audio recording devices to contain technical restrictions to block copying of copyrighted music.

In general, the level of required royalty payment under the AHRA is 2% of wholesale price or import value for digital audio recording devices, and 3% of the wholesale price or import value for digital audio recording media. One-third of the royalty payments are allocated to music publishers and songwriters, and this amount is to be split 50-50 between the two groups. The AHRA does not permit these basic allocations to be changed by agreements or understandings among interested parties.

Manufacturers and importers of digital audio recording devices or blank media are required to deposit the specified royalty payments with the U.S. Copyright Office on a quarterly basis. Payments must be accompanied by certified statements of account.

The AHRA specifically authorizes the use of common agents, such as HFA, to file claims, negotiate division of royalty payments and facilitate the distribution of payments to individual beneficiaries. In the event that a dispute arises among music publishers (or their representatives) as to how royalty payments should be divided that cannot be resolved by negotiation, the dispute will be referred to a Copyright Royalty Arbitration Panel (CARP). The CARP is to allocate royalty payments based on the extent to which, during the relevant calendar year, particular musical works were distributed as recordings or disseminated in transmissions (in other words, based on sales and airplay).

In representing the Publisher in connection with the AHRA, HFA may engage in any and all of the following activities:

1. The filing of claims for royalty payments with the Librarian of Congress, United States Copyright Office and/or a CARP, individually or together with the claims of other interested copyright parties;
2. The negotiation of, and agreement to, voluntary proposals for the distribution of royalty payments and the proportionate division thereof;
3. The receipt and distribution of royalty payments authorized to be distributed by the Librarian of Congress, United States Copyright Office and/or a CARP;
4. The selection and engagement of independent certified public accountants and the conduct of any other activities deemed appropriate for verifying the correct payment of royalties by manufacturers and importers, including review of audit results and underlying documentation and the negotiation and conclusion of agreements among interested copyright parties related to dividing the costs of verification audits;
5. The initiation of and/or participation in consultations with, or proceedings before, the Librarian of Congress, United States Copyright Office, United States Commerce Department, a CARP and/or any other United States agency, tribunal, or official with respect to procedures or regulations for, or controversies with respect to, the collection, distribution, or verification of royalty payments, or the adoption or implementation of serial copying restrictions;
6. The initiation of and/or participation in litigation in court or binding or non-binding arbitration proceedings; and
7. The negotiation and execution of settlement agreements to resolve arbitration proceedings or civil actions, or any disputes relating to matters that are or could be made the subject matter of such arbitration proceedings or civil actions.

As provided under the AHRA, any recoveries or awards from such arbitration proceedings, civil actions, or settlements shall be deposited with the United States Copyright Office for subsequent distribution to interested copyright parties.

Royalty payments authorized to be distributed under the AHRA that are received by HFA on the Publisher's behalf shall be distributed as soon as practicable to the Publisher without the payment of interest, in accordance with the method of division of royalty payments among interested copyright parties determined by HFA. HFA may look to data concerning the extent to which particular musical works were distributed as recordings and disseminated in transmissions (i.e., sales and airplay) in determining how to divide the royalty payments among HFA's publisher clients. The Publisher agrees to accept HFA's decision concerning how much weight, if any, to attach to sales versus airplay in dividing the royalty payments.

Any action taken by HFA with respect to its representation of the Publisher in connection with the AHRA prior to termination of this authorization shall not be affected by such termination and, subsequent to the effective date of such termination, HFA shall continue to have authority to act on the Publisher's behalf with respect to any royalty payments theretofore received by HFA, and any claims theretofore filed by HFA.

## HFA - Audio Home Recording Act Authorization

For HFA's services rendered pursuant to this authorization, HFA shall have the right to deduct and retain HFA's normal commission applicable from time to time to similar publishers, which shall be equal to a percentage of all payments collected for the Publisher's account(s) under such licenses. Such percentage shall be 6.75% for all categories of licensing currently offered by HFA. HFA's commission rate shall thereafter be subject to change at any time on at least 30 days written notice from HFA to the Publisher stating the new rate and the date upon which it shall become effective; provided that, if the new rate to be put into effect shall exceed the then-current rate, the effective date thereof shall be at least 90 days after the date of such notice and the Publisher shall have the right, exercisable by written notice to HFA given at least 30 days prior to the stated effective date of such change, to terminate its authorization with respect to any category of licensing subject to the new rate, effective as of such effective date.

Unless terminated according to the preceding paragraph, the Publisher's authorization shall continue for a minimum of one-year from the date that HFA confirms the Publisher's affiliation with HFA and, after the minimum one-year term is completed, the Publisher's authorization shall continue for an indefinite term that is subject to termination of the relationship with respect to any category of licensing by either the Publisher or HFA at the end of any calendar quarter, upon 90 days written notice. Licenses issued by HFA prior to termination of the Publisher's authorization shall not be affected by such termination.

**By signing below, and subject to confirmation by The Harry Fox Agency, Inc. ("HFA"), the Publisher authorizes HFA to act as representative for the Publisher (including Publisher's affiliated entities) with respect to the Audio Home Recording Act (AHRA), in accordance with HFA's General Terms of Representation stated above and the accompanying AHRA Royalties pages.**

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Publisher name:** \_\_\_\_\_

*- Must be the same as on the enclosed W-9 form that you submit with this application.*

**Name of primary contact:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Mailing address:** \_\_\_\_\_ **Fax:** \_\_\_\_\_

**City, State, Zip:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Street address:** \_\_\_\_\_

*- We must also have a valid street address where you can receive mail if your company's mailing address is a P.O. Box.*

**City, State, Zip:** \_\_\_\_\_

Please complete and return with the accompanying W-9, Electronic Funds Transfer (EFT), and \$35 check or postal money order payable to The Harry Fox Agency, Inc., to:

HFA Publisher Services  
The Harry Fox Agency  
601 West 26<sup>th</sup> Street, Suite 500  
New York, NY 10001

We suggest that you keep a copy of these materials for your records.