

**EXHIBIT R**

**STATE ADDENDA AND AGREEMENT RIDERS**

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Ex R – 03/2013 State Pages  
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**ADDITIONAL DISCLOSURES FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
SIGN & GRAPHICS OPERATIONS LLC**

The following are additional disclosures for the Franchise Disclosure Document of SIGN & GRAPHICS OPERATIONS LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

**CALIFORNIA**

**1. The following paragraph is added as a risk factor to the state cover page of the Franchise Disclosure Document:**

**ALTHOUGH YOU WILL HAVE AN EXCLUSIVE TERRITORY WITHIN WHICH WE WILL NOT OPERATE OR GRANT FRANCHISES FOR THE OPERATION OF OTHER CENTERS IN YOUR PROTECTED TERRITORY, OTHER CENTERS MAY MARKET AND SOLICIT CUSTOMERS IN YOUR PROTECTED TERRITORY.**

**2.** 1—THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT

**3.** 2—SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A FRANCHISE DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT

**4.** 3—OUR WEBSITES, [www.signsbytomorrow.com](http://www.signsbytomorrow.com) and [www.image360.com](http://www.image360.com), HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT [www.corp.ca.gov](http://www.corp.ca.gov)

**5.** 4—The following statement is added to the end of Item 3

Neither we, our parent, predecessor or affiliate nor any person in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a *et seq.*, suspending or expelling such persons from membership in that association or exchange

~~5—The following paragraph is added to the end of Item 5 and Item 7~~

~~Pursuant to an order of the California Commissioner of Corporations, we have posted a Surety Bond in the amount of \$25,000 from The Hanover Insurance Company. The terms of the Surety Bond will remain in effect until we have completed all of our initial obligations to you under the Franchise Agreement. A copy of the Surety Bond is on file with the California Commissioner of Corporations.~~

6 The following paragraphs are added to the end of Item 17

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator which is within a 50 mile radius of Plymouth, Michigan with the costs being borne as provided in the Franchise Agreement. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 *et seq.*)

The Franchise Agreement requires application of the laws of the State of Michigan. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code, Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires you to sign a general release of claims on renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

7 The following paragraph is added to the end of Item 19

The earnings claims figures do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Image360 or Signs By Tomorrow Center. Franchisees or former franchisees listed in the Franchise Disclosure Document may be one source of this information.

## **ILLINOIS**

1 The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety.

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