

FRANCHISE DISCLOSURE DOCUMENT

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Connect. Trade. Save.

We are *ITEX CORPORATION*, a Nevada corporation. We operate the *ITEX MARKETPLACE*, in which products and services are exchanged by ITEX members utilizing *ITEX DOLLARS*. ITEX dollars are only usable within the Marketplace and allow thousands of member businesses ("Members" or "ITEX Members") to acquire products and services without exchanging cash. We service our member businesses through our independent licensed broker and franchise network in the United States and Canada. We administer the ITEX Marketplace and provide record-keeping and payment transaction processing services for our members. We generate revenue by charging members percentage-based transaction fees, association fees, and other fees assessed in United States dollars and Canadian dollars where applicable. We authorize our franchisees to offer membership in and to promote transaction activity through the *ITEX Marketplace*. This is done under the "*ITEX*[®]" brand. Franchisees may offer membership in the ITEX Marketplace to businesses and individuals for a fee.

The total investment necessary to begin operation of a ITEX franchise is \$31,000 to \$52,000 cash. This includes the Initial Franchisee Fee of \$10,000, which will be reduced if you meet certain specified criteria. See Items 5, 6 and 7 for more detailed information.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Vice President of the Marketplace, Brian Argetsinger, at 15900 SE Eastgate Way, Suite 100, Bellevue, Washington 98008, (425) 463-4000.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN WASHINGTON. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN WASHINGTON THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT WASHINGTON LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISE AGREEMENT STATES THAT FAILURE TO ACHIEVE AND MAINTAIN THE FOLLOWING PERFORMANCE LEVELS WILL RESULT IN THE TERMINATION OF THE FRANCHISE:

You must continue to have either (1) at least 75 fee-paying Members assigned to your franchise while also maintaining a minimum average of \$25,000 in cash CTV per Cycle, or (2) achieve and maintain a minimum of \$75,000 cash CTV per Cycle regardless of the number of Members. For new franchises, there is a phase-in period to meet these standards (See Item 12).

4. ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNER(S) AT RISK.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Dates: For state specific effective dates, see the next page entitled “State Specific Effective Dates.”

STATE SPECIFIC EFFECTIVE DATES

1. All States not Requiring Registration: **October 16, 2019**
2. States Requiring Registration Effective Date (not effective if so designated):

California	pending
Florida	pending
Hawaii	Not effective
Illinois	pending
Indiana	pending
Kentucky	September 12, 2002
Maryland	Not effective
Michigan	pending
Minnesota	pending
Nebraska	September 14, 2005
New York	pending
North Dakota	Not effective
Rhode Island	Not effective
South Dakota	Not effective
Texas	September 10, 2002
Utah	pending
Virginia	pending
Washington	pending
Wisconsin	pending

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