

NTY CLOTHING EXCHANGE®

FRANCHISE DISCLOSURE DOCUMENT

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NTY CLOTHING EXCHANGE, LLC
A Delaware Limited Liability Company
4350 Baker Road, Suite 350
Minnetonka, MN 55343
(952) 923-1223
<https://ntyclothingexchange.com>
franchise@ntyclothingexchange.com

NTY Clothing Exchange, LLC offers individual franchises for the operation of NTY Clothing Exchange® stores (“Stores”), buying from and selling to the retail consumer clothing and accessories for teens and young adults.

If you purchase certain key items used in your NTY Clothing Exchange® store, the total investment necessary to begin operation of an NTY Clothing Exchange® store is from \$224,000 to \$331,500. This includes \$33,500 to \$38,500 that must be paid to us or our affiliates. If you lease the same key items used in your NTY Clothing Exchange® store, the total investment necessary to begin operation of a NTY Clothing Exchange® store is from \$174,700 to \$275,500. This includes \$23,000 to \$28,000 that must be paid to us or our affiliates.

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. **Note, however, that no government 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 Michael Smith at NTY Clothing Exchange, LLC, 4350 Baker Road, Suite 350, Minnetonka, MN 55343, (952) 923-1223.

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 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 DISCLOSURE DOCUMENT IS CORRECT.**

Call the state franchise administrator listed in **Exhibit D** 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 YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN MINNESOTA. 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 MINNESOTA THAN IN YOUR OWN STATE.
2. PLEASE NOTE THAT 75% OF THE GUARANTOR'S TOTAL ASSETS ARE INTANGIBLE. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
3. AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2018, THE FRANCHISOR'S GUARANTOR HAD A WORKING CAPITAL DEFICIENCY OF (\$110,610).
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of this franchise.

Effective Date: See the next page for state effective dates

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