

APR 24 2013

FRANCHISE DISCLOSURE DOCUMENT

SquareTwo Financial Corporation
(a Delaware corporation)
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www.squaretwofinancial.com

The SquareTwo Financial Corporation ("SquareTwo Financial") system permits the establishment and operation of a debt collection services business using our business methods and other proprietary rights via a centralized computer system and communications.

The total investment necessary to begin operation of a SquareTwo Financial franchise ranges from \$270,750 to \$461,500. This includes the \$50,000 to \$75,000 that must be paid to SquareTwo Financial Corporation or its affiliates.

This disclosure document summarizes certain provisions of your license 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 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 Bethany Parker, Senior Vice President of Franchise Development, SquareTwo Financial Corporation, 4340 South Monaco Street, Second Floor, Denver, Colorado 80237 (telephone (303) 296-3345; fax (303) 713-2507; email: Franchisesales@squaretwofinancial.com).

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, N.W., 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.

Issuance Date: March 20, 2013, as amended April 17, 2013

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 OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit H for information about any 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:

A. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISPUTES MUST BE RESOLVED BY BINDING ARBITRATION, OTHER THAN DISPUTES INVOLVING OUR TRADEMARKS OR OTHER INTELLECTUAL PROPERTY. ARBITRATION MUST OCCUR IN METROPOLITAN AREA IN WHICH OUR NATIONAL HEADQUARTERS ARE LOCATED. PRESENTLY, OUR HOME OFFICE IS IN DENVER, COLORADO, BUT WE MAY CHANGE THE LOCATION OF OUR HOME OFFICE AT ANY TIME. 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 COLORADO THAN IN YOUR HOME STATE.

B. THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

C. THERE ARE FINANCIAL AND LEGAL RISKS TO MOST BUSINESS EFFORTS, INCLUDING THIS FRANCHISE. TAKE YOUR TIME TO DECIDE. YOU MAY FIND IT USEFUL TO REVIEW THIS FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT AND OTHER EXHIBITS WITH YOUR OWN ACCOUNTING, FINANCIAL AND LEGAL ADVISORS.

D. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

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|----------------|-----------------|-------------------|
| California | Effective date: | Pending |
| Florida | Effective date: | November 25, 2012 |
| Georgia* | Effective date: | December 21, 2009 |
| Hawaii | Effective date: | Not registered |
| Illinois | Effective date: | Not registered |
| Indiana | Effective date: | Pending |
| Kentucky* | Effective date: | January 26, 2010 |
| Louisiana* | Effective date: | December 23, 2009 |
| Maryland | Effective date: | Not registered |
| Michigan | Effective date: | Pending |
| Minnesota | Effective date: | Not registered |
| Nebraska* | Effective date: | December 21, 2009 |
| New York | Effective date: | Pending |
| North Carolina | Effective date: | April 10, 2013 |
| North Dakota | Effective date: | Not registered |
| Rhode Island | Effective date: | Not registered |
| South Carolina | Effective date: | Not registered |
| South Dakota | Effective date: | Not registered |
| Texas* | Effective date: | December 21, 2009 |
| Utah | Effective date: | April 26, 2013 |
| Virginia | Effective date: | Pending |
| Washington | Effective date: | Pending |
| Wisconsin | Effective date: | Pending |

In all other states, the effective date of this Franchise Disclosure Document is **March 20, 2013**, as amended **April 17, 2013**.

* Denotes one-time filing

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