OFFERING MEMORANDUM

Dated April 16, 2010

BANCORP INCOME MORTGAGE FUND LTD.

The Issuer

Name:	Bancorp Income Mortgage Fund Ltd. (the "Company" or the "issuer"))
Head Office Address:	Suite #1420 - 1090 West Georgia Street Vancouver, BC, V6E 3V7
Telephone No.:	(604) 608-2717
Fax. No.:	(604) 609-7107
Currently Listed or quoted?:	No. **These securities do not trade on any exchange or market**.
Reporting Issuer?:	No. The Company is not a reporting issuer under applicable securities legislation.
SEDAR filer?:	No. The Company does not make filings with SEDAR (The System for Electronic Document Analysis and Retrieval).

The Offering

Securities offered:	Class A Preferred Shares and Class F Preferred Shares of the Company (collectively "Preferred Share(s)").
Price per security:	$10 per Preferred Share.
Minimum / Maximum offering:	$0 (0 Preferred Shares) **There is no minimum** / $100,000,000 (10,000,000 Preferred Shares) maximum. There is no aggregate minimum number of Preferred Shares to be issued by the Company under this offering. **You may be the only purchaser**. There will be a maximum of 10,000,000 Preferred Shares issued under this offering. The Company may issue any proportion of Class A and/or F Preferred Shares it decides, up to the foregoing total maximum number of Preferred Shares. **Funds available under this offering may not be sufficient to accomplish our proposed objectives**, however management anticipates in accordance with the company's objectives described under "Long Term Objectives" and "Short Term Objectives and How We Intend to Achieve Them," we will be able to meet its proposed objectives with funds available to it."
Minimum subscription amount:	Each new investor subscribing for the first time must invest a minimum of $25,000. Subsequent subscriptions from an existing investor must be for a minimum of $5,000.
Payment terms:	The full subscription price is due on closing.
Proposed closing date(s):	Closing dates will be determined from time to time by the Company, as subscriptions for Preferred Shares are received by the Company.
Income Tax consequences:	There are important tax consequences to these securities. See item 6.
Selling Agent?	No. There is currently no selling agent for this offering of Preferred Shares, but the Company reserves the right to retain one or more selling agents during the course of this offering. Annual trailer fees of 0.5% of the subscription price are paid on the Class A Preferred Shares. See item 7.

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See Item 10.

Purchaser's Rights

You have 2 business days to cancel your agreement to purchase the securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See item 11.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 8.

Issuer's Fund Manager:

BANCORP FINANCIAL SERVICES INC. (the “Fund Manager”)
Suite #1420 - 1090 West Georgia Street
Vancouver, BC V6E 3V7
Telephone: (604) 608-2717
Fax: (604) 609-7107

ITEM 1 USE OF NET PROCEEDS

1.1 *Net Proceeds*

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this offering	$0	$100,000,000
B	Selling commissions and fees	$0	$0
C	Estimated offering costs (e.g., legal, accounting, audit.)	$0	$ 100,000
D	Available Funds: D=A–(B+C)		$ 99,900,000
E	Additional sources of funding required	$0	0
F	Working capital deficiency	$0	$0
G	Total: H=(D+E)-F	$0	$ 99,900,000

1.2 *Use of Net Proceeds*

Description of intended use of net proceeds listed in order of priority	Assuming min. offering	Assuming max. offering
Investment in mortgages and other permitted investments	$0	$99,900,000

1.3 *Reallocation*

We intend to spend the net proceeds as stated. We will reallocate funds only for sound business reasons.

ITEM 2 BUSINESS OF THE COMPANY

2.1 *Structure*

Bancorp Income Mortgage Fund Ltd. (the "Company") was incorporated under the *Canada Business Corporations Act* on October 23, 2002 under incorporation number 603094-7.

The head and principal office of the Company is at Suite #1420 - 1090 West Georgia Street, Vancouver, BC, V6E 3V7. The registered and records office of the Company is at #700 - 401 West Georgia Street, Vancouver, BC, V6B 5A1.

The Company is extra provincially registered to carry on business in British Columbia and Alberta and will be extra provincially registered in such other Canadian jurisdictions as may be approved by its Directors from time to time. Furthermore, the Company will register as required under the *Mortgage Brokers Act* or equivalent legislation of each province in which it conducts business.

2.2 ***Our Business***

(a) General

The Company has since 2003 provided term mortgage loans to owners and developers of residential, commercial, office, industrial and other real estate that meet the borrowers' needs. The Company intends to use streamlined administrative processes to offer expedited mortgage approvals within time frames not generally available through major institutional lenders. It also applies flexible lending criteria focussed on critical local and regional issues, which will allow the Company in some circumstances to provide loans and loan amounts often not readily available through institutional lenders.

The Company qualifies as a mortgage investment corporation under the *Income Tax Act (Canada)* (the "Tax Act"), which means that Preferred Shares will be an eligible investment for registered retirement savings plans (RRSPs) and registered retirement investment funds (RRIFs)). In order to maintain this status, the Company will invest at least 50% of its assets in residential mortgage loans and deposits with financial institutions which provide Canada Deposit Insurance Corporation - insured deposits, although not all of such deposits will be so insured, or credit unions. Residential mortgage loans include loans against single family and multiple unit residential projects.

(b) The Company's Investments

Because of the Company's flexibility and ability to commit quickly to mortgage applications and because mortgage investments would not always meet the criteria of institutional lenders, such loans will earn a higher rate of return than those made by institutional lenders. The Company expects to minimize risk by following the investment criteria described later in subparagraph 2.2(c).

This is Bancorp's premium mortgage fund and is expected to have the lowest risk and minimum volatility of dividend payments of the mortgage funds administered by Bancorp. In this fund we will look for loans that are very close to the normal criteria for credit approval required by conventional lenders with the emphasis on:

- the quality and value of the mortgaged property itself including income from the property where applicable;
- The character and experience of the borrower and guarantors when there are guarantors;
- The financial strength and capacity of the borrower and the guarantors, when there are guarantors, to meet the interest payments required under the mortgage.

Mortgages in this fund will typically range from a low of 50% and a maximum of 75% loan to value depending on our analysis of the above criteria and will have loan terms from one to five years.

Interest will usually be at a fixed rate, but in some cases may be set at a floating rate based on a margin over the prime lending rate of the Company's bank, often with a minimum fixed rate.

The Company may share part of a mortgage investment with other lenders acceptable to the Company. By limiting its participation in large individual investments, the Company will have the benefits of increased portfolio diversification. It will also enable the Company to participate in the financing of larger real estate projects than would otherwise be possible.

(c) Investment Criteria

The Company's Directors have established investment criteria for the Company, including the following:

(i) The Company will make investments so that it maintains its status as a "mortgage investment corporation" under the Tax Act.

(ii) Investments will be secured by 1st mortgages and/or other appropriate security interests in favour of the Company, which will be registered in the appropriate land title or land registry office as a charge against the subject real property. The Company may hold beneficial interests in mortgages registered in the land title office in the name of another person or entity which enters into a written trust or agency agreement in favour of the Company in respect of same.

(iii) The amount advanced by the Company on any one property will not exceed the greater of $1million or 10% of the Company's paid-up capital.

(iv) The amount advanced by the Company to any one borrower (including affiliates) will not exceed the greater of $1 million or10% of the Company's paid up capital.

(v) Loans will be made to borrowers dealing with the Fund Manager or its affiliates at arm's length, and in particular will not be made to any shareholder of the Fund Manager, or to any member of the Investment Committee or to any company in which a shareholder of the Fund Manager holds a share interest except where a loan is in default and the Manager, or a company related to the Manager, in the process of realizing on the security, determines to take title to the property over which the loan was made..

(vi) Loans will not be made to any person (a "Trust Party") who is an annuitant, beneficiary or employer, as the case may be, under a registered retirement savings plan, deferred profit sharing plan or registered retirement income fund as defined under the Tax Act which is a shareholder of the Company, or to any other person who is a relative of or otherwise does not deal at arm's length with the Trust Party, or to anyone else who would cause shares in the Company not to be a qualified investment under Regulation 4900(1)(c) of the Tax Act.

(vii) Mortgage security will include a first financial charge on the mortgaged property having a principal balance not exceeding 75% of its appraised value.

(viii) Prior to funding, the Company will typically obtain appraisal and environmental reports by reputable independent professionals on mortgaged properties.

(ix) Actual or projected income from income producing properties will be sufficient to service the borrower's mortgage payments to the Company.

(x) Mortgages will generally be for an initial term of not more than five years and the aggregate of any renewals or extensions of such term will be approved in accordance with investment policy guidelines.

(xi) The Company will only make investments in provinces of Canada in which the Company is lawfully permitted to do business.

(xii) Surplus cash amounts will be maintained in government-backed securities, or deposits with Canadian chartered banks or other regulated financial institutions.

Other than paragraphs (i), (v), (vi), (xi) and (xii), the Investment Committee may vary or waive the foregoing investment criteria from time to time to meet changing circumstances or permit particular investment opportunities, provided that in voting to do so, all members of the Investment Committee vote in favour.

(d) Investment Approval

Pursuant to the Management Agreement (the "Management Agreement") described in paragraph 2.6 (a), Bancorp Financial Services inc., the Fund Manager, will present and recommend to the Company investment opportunities that it considers suitable and consistent with the Company's investment criteria.

The Company’s Investment Committee consists of directors and/or officers of the Fund Manager. From time to time, the Directors may add or appoint other persons experienced and knowledgeable of the region of the proposed investment to serve on the Investment Committee.

The Investment Committee must review and approve all of the Company’s proposed loans. Investment proposals are submitted to all members of the Investment Committee. Loan authorizations require the approval of a quorum, consisting of at least three members of the Investment Committee, one of whom shall be the Chairman, President or the Chief Operating Officer of the Fund Manager.

(e) The Fund Manager; Portfolio Administration

The Fund Manager organized the Company's business operations and provides ongoing supervisory management services to the Company under the Management Agreement described later. It will periodically review and make recommendations to the Company as to the Company's policies and procedures, administration, share offerings and investment criteria. At the request of the Company, the Fund Manager will implement decisions of the Company's Directors or Officers.

Day-to-day administration and management of the Company's investment portfolio is also provided by the Fund Manager under the Management Agreement. The Fund Manager will review requests for mortgage draws and ensure that all requirements have been met or reviewed prior to the advance of funds. Material exceptions to the funding requirements in the agreement with the borrower will be referred to the Investment Committee. All funds will be handled by the Fund Manager under trust conditions and will be segregated from the Fund Manager's own funds.

In addition to ongoing monitoring and reporting procedures, the Fund Manager will provide the Directors of the Company with quarterly reports on each mortgage in default for more than 90 days. Such reports include collection efforts, current security valuations and recommended reserves to be established for potential losses.

2.3 *Development of Business*

The Company invests primarily in British Columbia and Alberta; however, it will consider mortgage investments elsewhere in Canada. Emphasis will be on urban centres with stable populations that are not highly dependent on a single industry to provide ongoing employment opportunities.

2.4 *Long Term Objectives*

The Company's long term objectives are:

(i) To provide preferred shareholders with a return that is superior to term deposits, GICs and money market funds, with due consideration to preservation of their capital.

(ii) To maintain profitability on a sustainable basis.

(iii) To maintain the Company’s status as a Mortgage Investment Corporation under the Tax Act.

(iv) To carry on lending activities throughout Canada but primarily in Alberta and British Columbia.

(v) To offer loans to suitable borrowers who seek financing from sources other than institutional lenders.

Since the Company will have an ongoing investment program, there is no target completion date for its business plan. Investments will be made as the Company's available funds permit.

2.5 *Short Term Objectives and How We Intend to Achieve Them*

Our short term business objectives for the next 12 months are set out below.

What we must do and how we will do it	Target completion date or number of months to complete	Our cost to complete
The Company intends to raise capital pursuant to this offering and to use same to fulfil its investment program as described in paragraphs 2.2, 2.3 and 2.4	Since the Company will have an ongoing investment program, there is no target completion date for its business plan. Investments will be made as the Company's available funds permit.	N/A

2.6 *Material Agreements*

The following summarizes the material agreements to which the Company is currently a party (including without limitation those with a related party):

(a) Management Agreement

The Fund Manager and the Company are parties to the Management Agreement dated January 20, 2003 under which the Fund Manager will provide management and advisory services to the Company.

Pursuant to the Management Agreement, the Fund Manager will organize the Company's business operations, including arranging for Directors and Officers, ensuring the Directors establish the Investment Committee, retaining necessary professional advice, making regulatory filings, reviewing all organizational documentation, seeking sources of Company share capital, and lending the Company money to fund necessary organizational expenses. The Fund Manager will provide ongoing supervisory management services to the Company under the Management Agreement. It will periodically review, evaluate and makes recommendations with respect to the Company's policies and procedures, administration, share offerings, investment criteria and the like. At the request of the Company, the Fund Manager will implement decisions of the Company's Directors or Officers. Under the Management Agreement, the Fund Manager will also recommend investment opportunities to the Company suitable to the Company and consistent with the Company's investment criteria. It will also administer and manage the Company's investment portfolio and day-to-day activities and operations.

The Management Agreement came into force on January 20, 2003 for a term of 10 years. It will be renewed for successive five-year periods thereafter, which will continue unless notice of intention not to renew is given by either party at least 120 days before the end of the term. Also, either party may at any time terminate the Management Agreement upon six months written notice to the other. The Fund Manager will bear all overhead and other internal expenses incurred by it in providing its services under the Management Agreement. The Company will pay for all third party and other expenses incurred in connection with the Company's investments and operations.

As compensation for services rendered, the Company will pay to the Fund Manager a Management Fee equal to 3/4 of one percent (0.75%) per annum of the total outstanding paid up capital of the Company, calculated on a monthly basis on the last day of each calendar month and payable within 10 days after the end of each calendar month. The Company will also, if applicable, pay to the Fund Manager, by way of Profit Participation an amount equal to 25% of the annual net income of the Company after provision for all expenses, including reserves against potential losses and provision for Priority Dividends and/or Priority Capital Allocations to the holders of the Preferred and Common Shares, as described later under subparagraph 5.1(a). This Profit Participation will be paid annually based on the net income of the Company as reported in its audited annual financial statements, not later than 90 days following the Company's fiscal year-end.

For the purposes of this Offering Memorandum, the Fund Manager is considered to be a party related to the Company, since all of the Directors and all of the Officers and voting shareholders of the Company are also directors or officers of the Fund Manager.

(b) Broadening the Investor Base

This Fund was originally developed primarily on behalf of a 3rd party financial intermediary and was not generally available for investment by other clients. The financial intermediary now wishes to pursue other investment strategies which necessitates the redemption of shares. The Company and this investor sponsor have agreed to redeem preferred shares as the current portfolio of mortgages mature. This decision by the investor sponsor allows us the opportunity to offer the fund to a wider investor base. New funds raised will be used to acquire existing or new mortgages as decided solely by the Directors of the Fund.

(c) Bank Line of Credit

By an Offer of Credit Agreement dated October 13, 2005 and amended November 24, 2009 the Company has arranged a $5,000,000 line of credit facility, secured by a general security agreement and assignment of accounts receivable, with HSBC Bank Canada, and is intended to be used in managing the cash flow of the Company The Company's operations will not normally rely upon the use of the line of credit or debt financing from a bank or any other source.

2.7 *Auditors*

Mackay LLP, Chartered Accountants, 1100 - 1177 West Hastings Street, Vancouver, B.C., is the auditor for the Company.

2.8 *Lawyers*

The Company's lawyers in connection with this offering are Richards Buell Sutton LLP, Barristers & Solicitors, #700 - 401 West Georgia Street, Vancouver, B.C., V6B 5A1.

ITEM 3 DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 *Compensation and Securities Held*

The following table sets out specified information about each Director, officer and promoter of the Company and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Company (a "principal holder"). If the principal holder is not an individual, a note to the table sets out the name of any person or company that, directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the principal holder.

Name and municipality / city of principal residence	**Positions held (e.g. director, officer, promoter and/or principal holder) and the date of obtaining that position**	**Compensation paid by Company in the most recently completed financial year and the compensation anticipated to be paid in the current financial year**	**Number, type & percentage of securities of the Company held after completion of minimum offering**	**Number, type & percentage of securities of the Company held after completion of maximum offering**
Arnold E. Miles-Pickup West Vancouver, B.C.	Director, President & Chief Executive Officer (as of Oct. 23, 2002)	Nil	25 common voting shares, 25% of the total issued, and 7,733 Preferred Shares, 0.246% of the total issued	25 common voting shares, 25% of the total issued, and 7,733 Preferred Shares, 0.042% of the total issued

Kenneth C. Tabor Vancouver, B.C.	principal holder	Nil	25 common voting shares, 25% of the total issued; no Preferred Shares	25 common voting shares, 25% of the total issued; No Preferred Shares
Douglas H. Bentley West Vancouver, B.C.	Director, Vice-President (as of Oct. 23, 2002)	Nil	25 common voting shares, 25% of the total issued; No Preferred Shares	25 common voting shares, 25% of the total issued; No Preferred Shares
Richard R. Mackin Burnaby, B.C.	Director, Vice-President & Chief Financial Officer(as of March 2, 2006)	Nil	25 common voting shares, 25% of the total issued and 3,875 Preferred Shares, 0.151% of the total issued	25 common voting shares, 25% of the total issued and 3,875 Preferred Shares, 0.026% of the total issued
Robert D. Reichelt North Vancouver, BC	Director & (as of February 21, 2008	Nil	None	None
Mark D. Silverwood Vancouver, B.C.	Director (As at February 22, 2010)	Nil	None	None

The Company will pay all expenses of Directors and Investment Committee meetings.

3.2 ***Management Experience***

The following table sets out the principal occupations of the Directors and executive officers of the Company over the past five years and any relevant experience in a business similar to the Company's:

Name	**Principal occupation and related experience**
Arnold Miles-Pickup	President & Chief Executive Officer of the Fund Manager.
Douglas H. Bentley	Executive Vice President and Chief Operating Officer of the Fund Manager.
Richard R. Mackin	Vice President Finance and Administration of the Fund Manager. .
Robert D. Reichelt	Vice-President of the Fund Manager.
Mark D. Silverwood	Vice-President of the Fund Manager.

3.3 ***Penalties, Sanctions and Bankruptcy***

(a) There has been no penalty or sanction that has been in effect during the last 10 years against:

(i) a director, executive officer or control person of the Company, or

(ii) an issuer of which a person or company referred to in 3.3(a)(i) above was a director, executive officer or control person at the time.

(b) There has been no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any

(i) director, executive officer or control person of the Company, or

(ii) issuer of which a person or company referred to in 3.3(b)(i) above was a director, executive officer or control person at that time.

3.4 ***Loans –***

There are no loans due to or from the directors, management, promoters and principal holders.

ITEM 4 CAPITAL STRUCTURE

4.1 *Share Capital*

The following table sets out information with respect to the Company's outstanding securities (including options, warrants and other securities convertible into shares):

Description of security	Number authorized to be issued	Number outstanding as at April1, 2010	Number outstanding after min. offering	Number outstanding after max. offering
Common voting shares without par value	Unlimited	100	100	100
Preferred Shares without par value	Unlimited	3,809,360	3,809,360	13,809,360

4.2 *Long Term Debt*

The following table sets out information about the Company's long term debt:

Description of long term debt	Interest rate	Repayment terms	Amount outstanding at April 1, 2010
Nil	Nil	Nil	Nil

4.3 *Prior Sales*

The following table sets out information with respect to any other Preferred Shares (or securities convertible or exchangeable into Preferred Shares) which have been issued by the Company within the last 12 months:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
March 31 2009 through April 1, 2010	Preferred Shares without par value	0	$10.00	$0.00

ITEM 5 SECURITIES OFFERED

5.1 *Terms of Securities*

The securities offered are the Preferred Shares of the Company which are without par value and have the following material terms:

(a) Dividends

At the end of each fiscal year and after preparation of the Company's annual financial statements, all the Company's profits available for dividends will be fully distributed by way of dividends to the holders of the Class A and F Preferred Shares and the Common Shares, as described below. All dividends paid to the Class A Preferred shareholders shall be $0.05 per share less than the dividends concurrently paid to the Class F Preferred and Common shareholders on an annual basis. This reflects the annual expense of the $0.05 sales commission on each Class A Preferred Share incurred by the Company which is not associated with the Class F Preferred Shares or the Common Shares.

The Company will make interim payments on account of dividends, monthly, to the holders of Preferred Shares who have elected in writing to receive such payments, unless the Directors consider it imprudent to make such payments. After the Company's fiscal year end, the Company shall pay an additional dividend to the holders of Preferred Shares who did not receive such interim dividend payments, to compensate for the fact that they did not receive monthly payments.

When subscribing for Class A or F Preferred Shares, investors will elect in writing to receive their dividends in cash or to reinvest their dividends in additional Preferred Shares of the same class.

More specifically, the Company's profits for a fiscal year before payment of the Profit Participation, as described below, will be distributed or retained as follows:

(i) The holders of the Preferred Shares and Common Shares will be entitled to non-cumulative priority dividends ("Priority Dividends") from the Company's net profits available for dividends. Such dividends will be calculated so as to yield to:

(A) the Class F Preferred and Common Shareholders, a return equal to the Government of Canada Bond Yield (described later) plus 2% per annum, and

(B) to the Class A Preferred Shareholders, $.05 per share less than the Priority Dividends received by the Class F Shareholders,

or such lesser amount as is available for dividends (such amount to be prorated in the case of shares not issued for a full fiscal year), before any Profit Participation as described below is paid to the Fund Manager. "Government of Canada Bond Yield" means the effective yield to maturity of a series of non-callable Government of Canada bonds, payable in Canadian dollars and having a maturity date of approximately five years, expressed as a percentage per annum calculated half-yearly not in advance. Such yield shall be determined by calculating the average yield of the bonds on the first business day in the week immediately after the end of each month in the fiscal year of the Company, as quoted by the Bank of Canada as the “Benchmark Bond Yield: 5 year term”, on the Bank of Canada’s web site, or if unavailable, as provided by an investment dealer selected by the Company’s Directors.

(ii) If all or any part of the Company's profits for the year are not available for Priority Dividends due to a deficit in the Company's retained earnings account, such amount (the "Priority Capital Allocation") will be retained in the Company for the benefit of the shareholders to the extent necessary to eliminate the Company's deficit position, and the balance of profits, if any, will be paid out as Priority Dividends.

(iii) The balance of the Company's profits available for dividends, after payment of the above Priority Dividends and the Priority Capital Allocation, if any, will be distributed as follows:

(A) 75% of such balance will be paid by way of dividends to the holders of the Preferred Shares and the Common Shares, and

(B) 25% of such balance will be paid to the Fund Manager as the "Profit Participation" under the Management Agreement.

Capital gains realized by the Company will be distributed at the discretion of the Directors. However, no distribution of income or assets will be made that would impair the ability of the Company to repay borrowings or to meet other commitments and requirements.

In the case of a shareholder holding shares for less than a full fiscal year of the Company, dividends will be prorated according to the portion of that year that such person is a shareholder.

(b) <u>Priority on Liquidation, Dissolution</u>

In the event of the liquidation, dissolution or winding up of the Company or other distribution of its assets among shareholders, distribution of the assets of the Company shall be made:

(i) first, to the holders of the Preferred Shares, pro rata in accordance with the number of Preferred shares held, the lesser of:

(A) $10 per Preferred Share plus dividends declared but not yet paid, and

(B) the book value of the Preferred Shares as determined in the upcoming audited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP); and

(ii) the balance to the registered holders of the Common Shares, pro rata in accordance with the number of Common Shares held.

(c) <u>Retraction by a Shareholder</u>

A holder of Preferred Shares may at any time require the Company to redeem any or all of such holder's Preferred Shares by at least 60 days written notice of retraction, effective as of the earlier of:

(i) the next fiscal year end of the Company, in which case the redemption price will be the lesser of:

(A) $10 per Preferred Shares plus any declared and unpaid dividends, and

(B) the book value of the Preferred Shares as determined in the Company's audited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) as at such fiscal year end, or

(ii) the next date which is the end of the sixth month of the fiscal year of the Company, in which case the redemption price will be the lesser of:

(A) $10 per Preferred Shares plus any declared and unpaid dividends, and

(B) the book value of the Preferred Shares as determined in the Company's unaudited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) as at the end of such sixth month of the Company's fiscal year.

The Company will redeem the principal amount of such Preferred Shares within 120 days after the effective date of the retraction notices, unless:

(i) such redemption would result in the Company not qualifying as a mortgage investment corporation under the Tax Act, or

(ii) the Company has received prior retraction notices for more than 10% of the outstanding Preferred Shares which have not yet been redeemed and the Directors have decided to defer such redemptions by up to six months.

Redemptions will be made by the Company according to the order in which retraction notices are received until retraction notices for more than 10% of the outstanding Preferred Shares have been received. In the case of a redemption delay, the Company will pay interest equal to the rate of return, if any, earned on Preferred Shares for the period of delay, calculated on the basis of:

(i) the audited financial statements of the Company for the period for which same are available, and/or

(ii) the unaudited financial statements of the Company if audited financial statements are not yet available.

Delayed redemptions will be made on a pro rata basis in accordance with the total number of shares being redeemed in the retraction period.

(d) Redemption by the Company

The Company may redeem any or all of the Preferred Shares at any time at the redemption price as set forth above under "Retraction by a Shareholder", upon 30 days' written notice of redemption. The Company has not in the past redeemed Preferred Shares except at the request of a holder.

(e) Voting Rights

Common shareholders are entitled to one vote for each Common Share held at all meetings of the Company's shareholders. Holders of Preferred Shares are not entitled to notice of or to attend or vote at meetings of the Company's shareholders.

5.2 *Subscription Procedure*

The Company will offer the Preferred Shares for sale until the full subscription for the Maximum Offering has been received. It may terminate this offering at any time without notice and in such case, the Company will not be required to accept later subscriptions. Closings may occur from time to time as determined by the Company. Investors wishing to purchase Preferred Shares must complete and sign a subscription agreement in the form provided by the Company and submit same to the Company together with a certified cheque or bank draft for the full subscription price. The subscription price will be held in trust until midnight on the second business day after the day on which we have received your signed subscription agreement.

Such subscriptions will be subject to rejection or acceptance in whole or in part by the Company. Upon acceptance, the subscription price for the Preferred Shares will be deposited in a designated bank account. Upon the Preferred Shares having been issued, the subscription price will be made available to the Company for use in its business, as set out in this Offering Memorandum.

Notwithstanding the above, subscription agreements from Trustees for Registered Retirement Savings Plans, Registered Retirement Income Funds or Deferred Profit Savings Plans under the Tax Act will be accepted by the Company without the accompanying payment, to accommodate their administrative procedures. In such case, the share certificates for the Preferred Shares will be delivered by the Company in exchange for payment of the subscription price.

ITEM 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

6.1 *Investors' Independent Tax Advice*

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

6.2 *Mortgage Investment Corporation Status; Income Tax Consequences*

The Tax Act stipulates that for a corporation to qualify as a mortgage investment corporation, among other requirements, the corporation must have a minimum of 20 shareholders and no shareholder can own in excess of 25% of the total issued and outstanding shares of any class of the capital of the corporation. A minimum of 50% of the cost of the corporation's assets must be invested in residential mortgages as defined in the Tax Act including mortgages on multiple unit residential developments and deposits with Canada Deposit Insurance Corporation-insured institutions.

The Company intends to maintain its qualification as a mortgage investment corporation under the terms of the Tax Act, which would mean that its shares are an eligible investment for registered retirement savings plans. However, you should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities. As a mortgage investment corporation, if the Company pays out all of its net income annually in the form of dividends during the year or within 90 days after the end of the year, it may deduct the dividend amount paid as if it was an expense. The dividends received are not subject to usual dividend treatment in the hands of shareholders. Rather, they will be taxable in the hands of shareholders who are subject to tax as if they had received an interest payment.

Accordingly, it is anticipated that for each taxation year of the Company throughout which it qualifies as a mortgage investment corporation under the Tax Act, the Company will receive "flow through" treatment and will not be required to pay income taxes on the net earnings from which dividends are paid in each year. Income in excess of allowable deductible reserves under the Tax Act which is not distributed to shareholders within 90 days of each of the Company's year-ends will be subject to ordinary corporate tax under the Tax Act.

The Company is making the foregoing income tax disclosure, but it makes no other warranties or representations, implied or otherwise, with respect to taxation issues.

Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

The Company will pay annual trailer fees in connection with the sale of Class A Preferred Shares, which will be one-half of one percent (0.5%) of the subscription price per year. The Company will not pay commissions or fees on the sale of Class F Preferred Shares.

Investors acquiring Preferred Shares through registered dealers or sales agents will be responsible for the payment of any additional commissions that may be negotiated between them and such dealers or agents.

ITEM 8 RISK FACTORS

8.1 ***Speculative Investment***

The Preferred Shares offered by this Offering Memorandum are speculative securities. Investment in the Preferred Shares should be considered only by Investors who are able to make a long term investment and are aware of the risk factors involved in such an investment.

8.2 ***Risks Associated With Mortgage Loans***

Real estate investment contains elements of risk and is subject to uncertainties such as costs of operation and financing and fluctuating demand for developed real estate. In addition, prospective Investors should take note of the following:

(a) Credit Risk: As with most mortgage investment corporations, we provide financings to borrowers who may not meet financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally earn a higher rate of return than what institutional lenders may receive. Credit risk is the risk that the mortgagor will fail to discharge the obligation causing the Company to incur a financial loss. We minimize our credit risk primarily by ensuring that the collateral value of the security fully protects both first and second mortgage advances, that there is a viable exit strategy for each loan, and that loans are made to experienced developers and owners. In addition, we limit concentration of risk by diversifying our mortgage portfolio by way of location, property type, maximum loan amount on any one property and maximum loan amount to any one borrower or connection.

(b) Liquidity Risk: Liquidity risk is the risk that we may encounter difficulty in raising funds to meet commitments. We control liquidity risks through cash flow projections used to forecast funding requirements on mortgage proposals and include anticipated redemption of Preferred Shares. We commit to mortgage investments only on an assured cash availability basis. We have established a line of credit with a Canadian Chartered Bank to hedge the liquidity risk. See "Bank Line of Credit Agreement" under the section "Short Term Objectives and How We Intend to Achieve Them".

(c) Mortgage Insurance: The Company's mortgage loans will not usually be insured by CMHC or any other mortgage insurer in whole or in part.

(d) Default: In case of default on a mortgage, it may be necessary for the Company, in order to protect the investment, to engage in foreclosure or sale proceedings and to make further outlays to complete an unfinished project or to maintain prior encumbrances in good standing.

(e) Impaired Loans: The Company may from time to time have one or more impaired loans in its portfolio, particulars of which can be obtained by contacting the Company. The Company defines loans as being impaired where full recovery is considered in doubt based on a current evaluation of the security held and for which write-downs have been taken or specific loss provisions established. As at March 2010 , there was 1 loan considered to be impaired.

(f) Priority: Financial charges funded by first mortgage lenders may in some cases rank in priority to any 2nd mortgages registered in favour of the Company. In the event of default by the mortgagor under any prior financial charge, the Company may be required to arrange a new first mortgage or pay out same, in order to avoid adverse financial implications.

In recognition of the risk which may be involved in the Company's investments, the Company will establish reserves against potential losses in such amounts as are anticipated to be deductible for income tax purposes under the Tax Act as determined in consultation with the Company's auditors.

8.3 *Redemption Risk*

The mortgages held by the Company are contractual obligations and the ability of the Company to sell the mortgages or realize on the underlying security can take a lengthy period of time. As such, Preferred Shares have limited liquidity and are appropriate investments when considered as investment vehicles to be held for the longer term.

In addition, although Preferred Shareholders may tender their Preferred Shares for redemption pursuant to the terms and conditions hereto, certain restrictions apply to such redemption. As such, the Company cannot guarantee that redemptions will be made on a timely basis.

8.4 *Competition*

The earnings of the Company depend on the ability of the Manager to recommend suitable opportunities for the investment of the Company's funds and on the yields available from time to time on mortgages as well as the cost of borrowings. A variety of competing lenders and investors are active in the areas of investment in which the Company will operate. The yields on real estate investments, including mortgages, depend on many factors including economic conditions, the level of risk assumed, conditions in the real estate industry, opportunities for other types of investments, and tax laws. The Company cannot predict the effect which such factors will have on its operations.

8.5 *Marketability*

There is no market for resale of the Preferred Shares and consequently it may be difficult or even impossible for Investors to sell them. In addition, the Preferred Shares may not be readily acceptable as collateral for loans.

There are restrictions on resale of the Preferred Shares by Investors. Such restrictions on resale may never expire and Investors should consult with their professional advisors in respect of resale of the Preferred Shares. See Item 10 in this regard.

The Company does not presently intend to qualify its securities for sale to the public by way of prospectus.

8.6 *Risks of Leverage*

Successful utilization of leverage, as contemplated by the bank line of credit described in subparagraph 2.6(b), depends on the Company's ability to borrow funds from outside sources and to use such funds to make loans and other investments at rates of return in excess of the cost to the Company of these borrowed funds. Leverage increases exposure to potential losses.

8.7 *Income Tax Designation*

Under the Management Agreement, the Manager is responsible for ensuring that the Company's operations are conducted in a manner that will not jeopardize its designation as a mortgage investment corporation under the Tax Act. **As a mortgage investment corporation, the normal gross-up and dividend tax credit rules will not apply to dividends paid on the Preferred Shares. Rather, the dividends will be taxable in the hands of shareholders who are subject to tax as if they had received an interest payment.** If for any reason the Company fails to maintain its designation, the dividends paid by the Company on the Preferred Shares would cease to be deductible from the income of the Company. In addition, the Preferred Shares would cease to be qualified investments for trusts governed by RRSPs, deferred profit sharing plans and RRIFs with the effect that a penalty tax of 1% per month of the value of the Preferred Shares would be payable.

8.8 *Conflict of Interest*

The Company and its shareholders are dependent in large part upon the experience and good faith of the Manager. The Manager is entitled to act in a similar capacity for other companies with investment criteria similar to those of the Company. As such, there is a risk the Manager will not be able to originate sufficient suitable investment opportunities to keep the Company's funds fully invested. Also, the majority of the directors of the Company and the Manager are employed by or act in other capacities for other companies involved in mortgage and lending activities.

Accordingly, there may be instances in which an investment opportunity may be suitable for the Company as well as other mortgage lenders or investors with whom they have business relations. In such case, the Manager has the right to take such action as it sees fit.

Except as noted in 2.2 (c) above, the Directors of the Company may by unanimous resolution vary the Company's investment criteria. The Directors are also entitled to terminate the Management Agreement. It may be difficult for some of the Directors to exercise independent judgement about these and other matters.

8.9 *Lack of Separate Counsel*

Counsel for the Company in connection with this offering is also counsel to the Manager. The Company and the Manager have not been represented by their own legal counsel and have not each had the benefit of independent legal advice.

8.10 *Impact of Changes in Government Regulations*

We may need to change the manner in which we conduct our business if government legislation or regulation increases or changes.

ITEM 9 REPORTING OBLIGATIONS

9.1 *Documents provided to Shareholders annually or on an ongoing basis*

The Company is not a reporting issuer in British Columbia. However, it will provide a quarterly report to shareholders within 60 days after the end of each fiscal quarter. The quarterly report will include an analysis of operations and results for the period in question together with unaudited financial statements prepared by management consisting of a balance sheet and income statement. Audited financial statements will also be provided to the shareholders with the fiscal year-end reports within 90 days after the fiscal year end.

9.2 *Sources of Information about the Company*

Information about the Company's incorporation, amendments to its constating documents, directors, officer, annual corporate filings and other corporate information can be obtained from the Corporations Directorate, Industry Canada, Jean Edmonds Towers South, 365 Laurier Avenue West, 9th floor, Ottawa, Ontario, K1A 0C8 (telephone no. (613) 941-8111, Fax. no.. (613) 941-5782.

ITEM 10 RESALE RESTRICTIONS

10.1 *General Statement re Resale Restrictions*

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 *Restricted Period for Resales*

For purchasers in British Columbia, Alberta, Saskatchewan, Ontario, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, and Quebec, unless permitted under securities legislation, you cannot trade the securities before the date that is four months and a day after the date the Company becomes a reporting issuer in any province or territory of Canada.

For purchasers in Manitoba, unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

(a) the Company has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or

(b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

After such period, the Preferred Shares may be transferable, subject to restrictions on transfer required in order to comply with certain provisions of the Tax Act. Section 130.1(6)(d) of the Tax Act stipulates that a mortgage investment corporation may not have fewer than 20 shareholders and no one shareholder may hold more than 25% of the total issued and outstanding shares of any class of the Company's capital. Accordingly, the Articles of the Company provide that the Directors of the Company may prohibit the transfer of shares in any case where as a result of the transfer the Company would no longer meet the requirements of a mortgage investment corporation under the Tax Act.

A fee shall be payable to the Company by a shareholder requesting a transfer or change in registered holder of Preferred Shares, the amount of which is currently $140. The Company shall have the right to deduct any such unpaid fees from dividends payable to the shareholders who are party to such transfer or change.

ITEM 11 PURCHASERS' RIGHTS

Securities legislation in certain of the Provinces of Canada requires you as a purchaser of securities to be provided with a remedy for rescission or damages, or both, in addition to any other right that you may have at law, where this Offering Memorandum and any amendment to it contains a misrepresentation. These remedies must be exercised by you within the time limits prescribed by the applicable securities legislation. You should refer to the applicable provisions of the securities legislation for the complete text of these rights.

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

(a) ***Two Day Cancellation Right***

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

(b) ***Statutory Rights of Action in the Event of a Misrepresentation***

Rights for Purchasers in British Columbia and Alberta

Securities legislation in British Columbia and Alberta provides that if you purchase securities pursuant to this Offering Memorandum, you shall have, in addition to any other rights you may have at law, a right of action for damages or rescission, against the Company, every director of the Company and every person who signs the Offering Memorandum or any amendment thereto, in the event that the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. You should refer to the applicable provisions of the British Columbia or Alberta securities legislation for particulars of those rights or consult with a lawyer. For these purposes, a "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated, or necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. A "material fact" means any fact that significantly affects or could reasonably be expected to significantly affect the market price or the value of the Preferred Shares.

In British Columbia and Alberta, no action shall be commenced to enforce a statutory right of action unless the right is exercised:

(a) in the case of rescission, on notice to the Company not later than 180 days from the day of the transaction that gave rise to the cause of action, or

(b) in the case of any other action, other than an action for rescission, not later than the earlier of:

- (i) 180 days from the day you first had knowledge of the facts giving rise to the cause of action; or
- (ii) three years from the day of the transaction that gave rise to the cause of action.

Reference is made to the *Securities Act* (British Columbia) and the *Securities Act* (Alberta) for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the *Securities Act* (British Columbia) or the *Securities Act* (Alberta), as applicable.

Rights for Purchasers in Saskatchewan

The Securities Act, 1988 (Saskatchewan), as amended, provides that, subject to certain limitations, where this Offering Memorandum contains a misrepresentation (as defined in *The Securities Act, 1988* (Saskatchewan)), if you purchase a security covered by this Offering Memorandum, you have a right of action for damages or rescission against the Company, the promoters and directors of the Company, every person or company whose consent has been filed with the Offering Memorandum (but only with respect to reports, opinions or statements that have been made by them), every person who signed the Offering Memorandum and every person who or company that sells the securities on behalf of the Company under the Offering Memorandum.

In addition, subject to certain limitations, where an individual makes a verbal statement to you that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, you have a right of action for damages against the individual who made the verbal statement.

No action may be commenced to enforce any of the foregoing rights:

(a) in the case of rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; and

(b) in the case of any other action, other than an action for rescission, not later than the earlier of:

   (i) one year after you first had knowledge of the facts giving rise to the cause of action; or

   (ii) six years after the date of the transaction that gave rise to the cause of action.

Rights for Purchasers in Manitoba

Securities legislation in Manitoba provides that if you purchase securities pursuant to this Offering Memorandum, you shall have, in addition to any other rights you may have at law, a right of action for damages or rescission, against the Company, every director of the Company and every person who signs the Offering Memorandum or any amendment thereto, in the event that the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. You should refer to the applicable provisions of the Manitoba securities legislation for particulars of those rights or consult with a lawyer. For these purposes, a "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated, or necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. A "material fact" means any fact that significantly affects or could reasonably be expected to significantly affect the market price or the value of the Preferred Shares.

In Manitoba, no action shall be commenced to enforce a statutory right of action unless the right is exercised:

(a) in the case of rescission, on notice to the Company not later than 180 days from the day of the transaction that gave rise to the cause of action, or

(b) in the case of any other action, other than an action for rescission, not later than the earlier of:

   (i) 180 days from the day you first had knowledge of the facts giving rise to the cause of action; or

   (ii) two years from the day of the transaction that gave rise to the cause of action.

Rights for Purchasers in Ontario

The *Securities Act* (Ontario) provides that in the event that this Offering Memorandum, together with any amendments thereto, is delivered to you as a purchaser of Preferred Shares and you are resident in the Province of Ontario and contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, you will have a right of action against the Company for damages or rescission as follows:

(a) the right of action for rescission or damages will be exercisable by you only if you give written notice to the Company, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that you are exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by you only if you give notice to the Company not later than the earlier of:

  (i) 180 days after you first had knowledge of the facts giving rise to the cause of action; or

  (ii) three years after the date of the transaction giving rise to the cause of action.

(b) the Company will not be liable if it proves that you purchased the securities with knowledge of the misrepresentation;

(c) in the case of an action for damages, the Company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;

(d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to you; and

(e) the rights of action for rescission or damages are in addition to and without derogation from any other right you may have at law.

Rights for Purchasers in Quebec

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to have the contract rescinded or the price revised, without prejudice to your claim for damages, provided that no action may be commenced to enforce such right unless the right is exercised:

(a) in the case of rescission or revision of the price, within 3 years from the date of the transaction;

(b) in the case of damages, within three years of the date on which you acquired knowledge of the facts giving rise to the action, except upon proof that the plaintiff acquired such knowledge more than 3 years after the date of the transaction as a result of the negligence of the plaintiff, subject to a maximum period of 5 years from the date of the filing of the Offering Memorandum with the Autorité des Marchés Financiers.

In an action for rescission or revision of the price or damages against the Company, the defendant may defeat the application only if it is proved the plaintiff knew, at the time of the transaction, of the alleged misrepresentation.

Rights for Purchasers in Nova Scotia

The Securities Act (Nova Scotia) (the “NS Act”) requires the Company to notify you that if you are purchasing securities pursuant to this Offering Memorandum in the Province of Nova Scotia you may have the following rights of rescission or damages.

In the event that this Offering Memorandum, together with any amendments thereto, or any “advertising or sales literature” (as defined in the NS Act) delivered to you, contains any untrue statement of material fact or omits to state a material fact that is required to be stated or is necessary in order to make any statement not misleading in light of circumstances in which it was made (herein called a “Misrepresentation”) and it is a Misrepresentation on the date of investment, and if the Offering Memorandum and any amendment thereto, or any “advertising or sales literature” (as defined in the NS Act), has been delivered on behalf of the Company to you, you shall be deemed to have relied on such Misrepresentation and you shall have a right of action against the Company, the directors of the Company as at the date of this Offering Memorandum, and every person signing this Offering Memorandum for damages, or so long as you are the owner of such Preferred Shares at your election, for rescission.

In Nova Scotia, no action shall be commenced to enforce a statutory right of action unless the right is exercised:

(a) in the case of rescission, on notice to the Company not later than 120 days from the day of the transaction that gave rise to the cause of action, or

(b) in the case of any other action, other than an action for rescission, not later than the earlier of:

 (i) 120 days from the day you first had knowledge of the facts giving rise to the cause of action; or

 (ii) three years from the day of the transaction that gave rise to the cause of action.

These rights are subject to defences contained therein such that:

(a) the Company will not be held liable if you purchased the securities with knowledge of the Misrepresentation;

(b) in an action for damages, the Company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the Misrepresentation relied upon; and

(c) in no case will the amount recoverable by you exceed the price at which the securities were sold to you.

Rights for Purchasers in New Brunswick

If this Offering Memorandum, together with any amendments thereto, is delivered to you as a purchaser of Preferred Shares, and this Offering Memorandum contains a "misrepresentation" which was a misrepresentation at the time of the purchase of the securities, you will have a right of action against the Company for damages, or while still the owner of the securities, for rescission, in which case, if you elect to exercise the right of rescission, you will have no right of action for damages. However, such rights must be exercised within prescribed time limits. You should refer to the applicable provisions of the New Brunswick securities legislation for particulars of those rights or consult with a lawyer. For these purposes, a "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated, or necessary to prevent a statement that is made from being misleading in the circumstances in which it was made. A "material fact" means any fact that would reasonably be expected to have a significant effect on the market price or the value of the Preferred Shares.

The Company will not be liable if it proves that you purchased the securities with knowledge of the misrepresentation. In the case of an action for damages, the Company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon and in no case will the amount recoverable in any action exceed the price at which the securities were sold to you.

No action may be commenced to enforce any of the foregoing rights:

(a) in the case of rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission, the earlier of:

 (i) one year after you first had knowledge of the facts giving rise to the cause of action;

(ii) six years after the date of the transaction that gave rise to the cause of action.

The right of action for rescission or damages is in addition to and without derogation from any other right you may have at law.

Rights for Purchasers in Newfoundland & Labrador

If this Offering Memorandum, together with any amendments thereto delivered to you as a purchaser of Preferred Shares and a resident in Newfoundland & Labrador before the issue of Preferred Shares to you, contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary in order make any statement in it not misleading in light of the circumstances in which it was made (a “Misrepresentation”) and it was a Misrepresentation at the time of the purchase of the securities and if this Offering Memorandum, or any amendment hereto, was delivered to you. you shall have, subject as hereinafter provided, a right of action, in addition to any other right or remedy available at law to you against the Company either for damages or, alternatively, while still the owner of the securities purchased by you, for rescission, in which case, if you elect to exercise the right of rescission, you will have no right of action for damages against the Company, provided that:

(a) the right of action for rescission or damages will be exercisable only if you give notice to the Company not later than 90 days after the date on which the payment is made for the securities that you are exercising this right;

(b) the Company will not be liable if it proved that you purchased the securities with knowledge of the Misrepresentation;

(c) in the case of an action for damages, the Company will not be liable for all or any portion of those damages that it proves does not represent the depreciation in value of the securities as a result of the Misrepresentations relied upon; and

(d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to you.

Rights for Purchasers in Prince Edward Island

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

(a) the Company to cancel your agreement to buy the Preferred Shares; or

(b) for damages against the Company, every person who was a director of the Company at the date of the Offering Memorandum and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not your relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the Preferred Shares.

In Prince Edward Island, no action shall be commenced to enforce a statutory right of action unless the right is exercised:

(a) in the case of rescission, on notice to the Company not later than 180 days from the day of the transaction that gave rise to the cause of action, or

(b) in the case of any other action, other than an action for rescission, not later than the earlier of:

(i) 180 days from the day you first had knowledge of the facts giving rise to the cause of action; or

(ii) three years from the day of the transaction that gave rise to the cause of action.

Rights for Purchasers in Yukon

Securities legislation in Yukon provides that if you purchase securities pursuant to this Offering Memorandum, you shall have, in addition to any other rights you may have at law, a right of action for damages or rescission, against the Company, every director of the Company at the date of this Offering Memorandum and every person who signs the Offering Memorandum or any amendment thereto, in the event that the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. You should refer to the applicable provisions of the Yukon securities legislation for particulars of those rights or consult with a lawyer. For these purposes, a "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated, or necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. A "material fact" means a fact that could reasonably be expected to significantly effect the market price or the value of the Preferred Shares.

In Yukon, no action shall be commenced to enforce a statutory right of action unless the right is exercised:

(a) in the case of rescission, not later than 180 days from the day of the transaction that gave rise to the cause of action, or

(b) in the case of any other action, other than an action for rescission, not later than the earlier of:

(i) 180 days from the day you first had knowledge of the facts giving rise to the cause of action; or

(ii) three years from the day of the transaction that gave rise to the cause of action.

Reference is made to the *Securities Act* (Yukon) for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the *Securities Act* (Yukon).

Rights for Purchasers in Nunavut

Securities legislation in Nunavut provides that if you purchase securities pursuant to this Offering Memorandum, you shall have, in addition to any other rights you may have at law, a right of action for damages or rescission, against the Company, every director of the Company at the date of this Offering Memorandum and every person who signs the Offering Memorandum or any amendment thereto, in the event that the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. You should refer to the applicable provisions of the Nunavut securities legislation for the particulars of those rights or consult with a lawyer. For these purposes, a "misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated, or necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. A "material fact" means a fact that could reasonably be expected to significantly effect the market price or the value of the Preferred Shares. In Nunavut, no action shall be commenced to enforce a statutory right of action unless the right is exercised:

(a) in the case of rescission, not later than 180 days from the day of the transaction that gave rise to the cause of action, or

(b) in the case of any other action, other than an action for rescission, not later than the earlier of:

(i) 180 days from the day you first had knowledge of the facts giving rise to the cause of action; or

(ii) three years from the day of the transaction that gave rise to the cause of action.

Reference is made to the *Securities Act* (Nunavut) for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the *Securities Act* (Nunavut).

Contractual Rights of Action in the Event of a Misrepresentation

Jurisdictions Without Statutory Rights If you are a resident in Northwest Territories, you will have, in addition to any statutory rights that may be available to you, a contractual right to sue the Company in the event there is a misrepresentation in this Offering Memorandum:

(a) to cancel your agreement to buy these securities, or

(b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Company proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Company has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years after you signed the agreement to purchase the securities.

ITEM 12 FINANCIAL STATEMENTS

Since the Company has completed one or more financial years, attached to this Offering Memorandum, immediately following this item, are the following:

(a) audited statements of income, retained earnings and cash flows for the most recently completed financial year that ended before the date of this Offering memorandum and an audited balance sheet dated as at the last day of such financial year; and

(b) unaudited statements of income, retained earnings and cash flows for the most recently completed three , six or nine month interim period that ended before the date of this Offering Memorandum but after the date of the financial statements attached pursuant to item 12(a) and an unaudited balance sheet dated as at the last day of such period, including comparatives for all of same for the prior year.

ITEM 13 DATE AND CERTIFICATE

This Offering Memorandum does not contain a misrepresentation.

DATED as of this 15th day of March, 2010.

BANCORP INCOME MORTGAGE FUND LTD.

Per:

Chief Executive Officer

Chief Financial Officer

On behalf of the Directors

Director

Director