EXECUTIVE SUMMARY OF OFFERING MEMORANDUM

NEW HAVEN MORTGAGE INCOME FUND (1) INC.

OFFERING SIZE:	Up to $20,000,000.00.
OFFERING TYPE:	Private Placement.
OFFERING:	20,000,000 Class A Preferred Shares at a price of $1.00 per share.
THE FUND:	As a Mortgage Investment Corporation (“MIC”), the Fund is subject to special rules under the Tax Act that permit the Fund to be operated, in effect as a tax free “flow through” conduit of its profit to its shareholders. The income of the Fund for purposes of the Tax Act includes interest earned and the taxable portion of any net realized capital gains. The Fund is permitted to deduct from its net income all taxable dividends it pays to its shareholders.
OBJECTIVE:	Preservation of Investors Capital while obtaining a secure stream of superior returns on mortgage investments on real property in Ontario.
DIVIDENDS:	The Fund’s Articles of Incorporation require it to pay out dividends substantially all of its net income every year to holders of the shares (see offering memorandum). Dividends are paid to all preferred shareholders on the 11^{th} of the month for the prior month.
REDEMPTION RIGHTS:	The shares have redemption rights, meaning their holders have a right to present all or some of their shares to the Fund for cancellation and payment to such shareholder by the Fund of the retracted share’s redemption amount (see offering memorandum).
THE MORTGAGE BANKER:	New Haven Mortgage Corporation exclusively on behalf of the Fund originates, underwrites, adjudicates, services or arranges for third party servicing.
THE MORTGAGE MANAGER:	New Haven Treasury Management Inc. exclusively on behalf of the Fund provides custodian, advisory and management services.

THIS EXECUTIVE SUMMARY CONTAINS ONLY CERTAIN HIGHLIGHTS OF THIS INVESTMENT OPPORTUNITY. THIS SUMMARY SHOULD ONLY BE READ IN CONJUNCTION WITH THE OFFERING MEMORANDUM ENCLOSED DATED DECEMBER 1, 2008.

NEW HAVEN
Mortgage Income Fund Inc

OFFERING MEMORANDUM

OFFERING MEMORANDUM

Date:	December 1, 2008
	THE ISSUER
Name:	**NEW HAVEN MORTGAGE INCOME FUND (1) INC. (the "Fund")**
Head Office:	Suite 203, 9040 Leslie Street Richmond Hill, Ontario, L4B 3M4

For Residents of Ontario, Saskatchewan, New Brunswick, Northwest Territories, and Nunavut

Tel. No: 1 -866- 996-8226 Ext. 204 Fax No.: 1-866-784-6385 Web-page:

www.newhavenmortgageincomefund.com

Currently Listed or Quoted: These securities do not trade on any exchange or market.
Reporting Issuer: No **SEDAR Filer:** No

THE OFFERING

Securities Offered: 20,000,000 Non-voting Class A Preferred Shares (individually referred to as a "Share" and collectively as the "Shares"). **Price Per Share:** $1.00 per Share **Minimum/Maximum Offering:** Minimum offering of $0/ Maximum offering of $20,000,000 **Minimum Subscription Amount:** There is a minimum subscription price for these securities if you are an "accredited investor" which amount is $25,000. If you are not an "accredited investor," the minimum subscription price is $150,000.00. Please see Item 5.3. The maximum investment is limited in that any one investor in combination with Shares held by his Spouse and minor children may only subscribe for up to 25% of the total number of Shares that would be outstanding as of the closing of such transaction, all as determined in the sole discretion of the Manager. **Payment Terms:** Bank draft or money order payable to **New Haven Mortgage Income Fund (1) Inc.** accompanied by a fully completed Subscription Agreement, as more particularly described in Item 6, Subscribing for Shares. **Proposed Closing Dates**: On the 1st of each month or as such other times as determined at the sole discretion of the Mortgage Manager. **Tax Consequences:** There are important tax consequences to these securities. See Item 7, Income Tax Consequences. **Selling Agent:** The Mortgage Manager is acting as selling agent on behalf of the Fund. See Item 7. **Resale Restrictions:** You will be restricted from selling your securities for an indefinite period. See Item 9, Resale Restrictions. **Purchaser's Rights:** You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel your agreement to purchase these securities. See Item 11.

NO SECURITIES REGULATORY AUTHORITY 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, RISK FACTORS.

ITEM 1 USE OF NET PROCEEDS

1.1 ***Net Proceeds* –** The net proceeds of the offering and the funds that will be available to the Fund after the offering is as follows:

		Assuming min. offering	**Assuming max. offering**
A	Amount to be raised by this offering	$0	$20,000,000.00
B	Selling commissions and fees	$0	$ 400,000.00
C	Estimated offering costs (e .g. legal, accounting, audit, website, and printing)	$0	$ 40,000.00
D	Net proceeds: D = A - (B + C)	$0	$19,560,000.00
E	Current working capital (or working capital deficiency) of Issuer as at June 16, 2006	$0	$ 0.00
F	Available funds: F = D + E	$0	$19,560,000.00

1.2 ***Use of Available Funds* –** The Fund is a "mortgage investment corporation" as this term is defined by Section 130.1 of the Income Tax, Canada. It is anticipated that the funds raised from this offering after expenses will be used for funding new mortgage investments.

1.3 ***Reallocation* –** The Fund intends to spend the available funds as stated in para. 1.1. It will reallocate funds to other uses only for sound business reasons.

ITEM 2: BUSINESS OF THE FUND

2.1 **Structure –** The Fund is a corporation which was incorporated under the laws of Ontario on November 27, 2008.

2.2 **Industry Overview** -The market in which the Fund will operate is referred to as the "alternative mortgage market." This market is under-serviced in Canada. Servicing the alternative mortgage market is a great opportunity for nonbank lenders as this market is in its infancy. Most institutional lenders are not in this segment of the mortgage market.

Alternative borrowers are loosely defined as borrowers who don't meet the "credit-quality" standards set by traditional mortgage lenders and insurers to qualify for conventional mortgages. Alternative borrowers may include new Canadians who have little or no established credit history; self-employed small business owners who have fluctuating income; people with bad credit or no credit at all; and persons who have had a history of good credit but for reasons such as illness or loss of employment have experienced temporary credit problems which has caused them to go into arrears with their credit obligations.

2.3 **Our Business –** The Fund currently qualifies, and under its Articles of Incorporation is required to remain qualified, as a "mortgage investment corporation," or a "MIC" as mortgage investment corporations are commonly referred to, under the *Income Tax Act* (Canada) (the "Tax Act"). This effectively enables the Fund to operate as a tax-free "flow through" conduit of profit to its shareholders, since it does not pay income taxes on net earnings at the corporate level from which dividends are paid. This allows holders of the non-voting Class A Preferred Shares to receive income from the Fund with maximum tax efficiency.

The Fund's business objective is to obtain a secure stream of income by optimizing its investment portfolio within the MIC criteria mandated by the Tax Act. These criteria provide, among other things, that one of the primary investments a MIC may make is making mortgage loans that are secured by residential real estate. The Tax Act's MIC criteria are discussed in further detail below (under this same heading).

The Fund's primary business is earning income through investing in residential first and second mortgages. As discussed below, there is an established need for real estate mortgage financing that is not readily provided by banks, trust companies, credit unions and other traditional lenders which market is collectively referred to as the "alternative mortgage market." Short-term mortgage financing is a continuing need of individuals, builders and real estate developers, and, because of their need for flexibility and quick response, they often require the services of private lenders and organizations such as the Fund. The Fund's primary revenue source will be interest payments received on its mortgage investments. The mortgage portfolio may also generate additional remuneration for the Fund, by way of interest bonuses for early prepayment by the borrower, or late payoff bonuses after maturity of the mortgage.

As a general rule, all mortgages held by the Fund will be registered in its name. However the Fund may also hold an interest in syndicated mortgages in which case legal title to the Fund's interest in such syndicated mortgages may be held in trust as bare trustee for the Fund by another entity such as a syndication partner or an affiliate, associate or subsidiary thereof. When the Fund's interest is held in trust, the trust arrangements must be approved by the Mortgage Manager, and any trust document must be drafted by the Fund's legal counsel.

The Fund may also enter into agreements with third party institutions and other nonbank lenders which may or may not be related or associated with the Mortgage Banker whereby the Fund will hold a subordinate position in individual mortgages. The Fund's subordinate position may be subordinate to that of the Mortgage Manager or the Mortgage Banker or a related or associated party. For so doing the Fund will receive a premium return. This is accomplished by the senior lender receiving a lower return to reflect its lower risk position. The directors believe that this is a very effective way to leverage the return earned by the Fund without taking any additional risk as these mortgages will be mortgages that would have been funded in any event by the Fund. In this situation, legal title to the mortgage may be held by the senior lender. The interest of the Fund will be held in trust for it by the senior lender. The Mortgage Manager in this situation will insure that all required legal documents are in place and that the Fund's interest in any such mortgages is fully documented and secure.

The Fund acknowledges that any of the Mortgage Manager, Mortgage Banker or any of its officers, shareholders, employees or affiliates, may purchase with their own funds and own as a co-lender, a percentage interest in any investment that the Mortgage Banker presents to the Fund for acquisition, and the Mortgage Banker may also sell undivided percentage interest in such investments to the other co-lenders.

The Fund also acknowledges that the Mortgage Banker, the Mortgage Lender or any related company or individual, may hold a subordinate portion in any mortgage which is presented to the Fund for investment, and the rate of return on such a subordinate portion may vary from the Fund's rate of return which may be lower due to the lower loan to value risk assumed by the Fund.

Syndicated mortgages may initially be funded by the Fund at a specified interest rate, and subsequently a portion of the mortgage may be syndicated to a financial institution or other lender sourced by the Mortgage Banker. Moreover in any syndicated investment scenario, the Fund may lend in a prior ranking security position (a senior investor), an equally ranking position (pari passu), or in a subordinate position (a junior investor). All syndications are subject to the approval otherwise required in connection with the Fund's investments.

In general terms the following summarizes how the rate of return will vary dependent on the priority position assumed:

• Prior ranking (a senior investor) lower loan to value (less than 75%), lower risk, lower return
• Equal ranking (pari passu) same loan to value (no greater than 75%), same risk, same return
• Subordinate ranking (a junior investor) higher loan to value (no greater than 75%), higher risk, higher rate of return.

The Mortgage Banker and the Mortgage Manager have more than 55 years of combined experience (either itself or through its personnel) in the estate and mortgage industry as a mortgage administrator, mortgage broker and investor. These qualifications and this experience put the Mortgage Banker and the Mortgage Manager in an advantageous position to provide mortgage management, administrative, advisory, development, mortgage brokerage, and financing services to the Fund, and the Fund has engaged the Mortgage Banker and the Mortgage Manager to do so. The Mortgage Banker's and the Mortgage Manager's personnel also have wide networks of established relationships with experienced owners, builders, developers and others active in the real estate industry. The Fund believes the Mortgage Banker is therefore suitably qualified to locate and recommend investment opportunities for the Fund. The Mortgage Banker will provide these services to the Fund from inception. See Item 2.9, Material Agreements, for a discussion of the terms of the agreement between the Fund and the Mortgage Banker.

2.4 **Investment Strategy** - The investment goal is to make prudent investments in first and second mortgages against real property located in Ontario. The Mortgage Banker will on behalf of the Fund, originate, underwrite, adjudicate, service and administer each loan, and the Mortgage Manager will provide custodian, advisory and management services. There is no assurance of any return on an investor's investment, although the Mortgage Manager has implemented an investment strategy to minimize the risk of investing in mortgages which strategy has been developed and utilized over the last 23 years by the principals thereof and is outlined herein. Although future returns cannot be guaranteed, the Mortgage Banker's experience suggests and the Fund's objective is to produce a return on shareholders' equity in excess of 400 basis points over the average one year Government of Canada Treasury bill yields.

In considering a mortgage proposal the Mortgage Manager and the Mortgage Banker adhere to strict investment and operating policies which include:

• Obtaining a Credit application from all potential borrowers.
• Obtaining a credit report on both the borrowers and any guarantor(s).
• Obtaining an appraisal prepared by an accredited appraiser in Ontario with the designations of C.R.A. or A.A.C.I., or their successors, or in the alternative from time to time the Mortgage Manager and Mortgage Banker may rely upon an opinion of value furnished by a reputable realtor who may be equally or better equipped to provide an accurate evaluation of a particular property as a consequence of specialized expertise relating to that particular type of property or with respect to the particular geographic area in which the subject property is located.
• Obtaining such other information and/or opinions of value as the Mortgage Manager and Mortgage Banker deem appropriate in the circumstances to allow them to make an accurate assessment of value with respect to any particular property.

The appraised value need not be on an "as-is" basis and may be based on stated conditions, including without limitations, completion, rehabilitation, or sale and/or lease-out of improvements of the real property in the case of construction or renovation loans.

The investment strategy of the Mortgage Banker is to invest primarily in superior yield second mortgages to be secured against properties located in cities, towns, villages, hamlets and rural routes, where the borrowers and their financing needs are for the most part not being met by various financial institutions. The Manager concentrates its resources on niches in the mortgage market that have been created by:

• Standardization of institutional mortgage underwriting;
• The liquidity difficulties experienced in the commercial paper securitization market in Canada; and
• Stringent income or credit requirements being imposed by Canadian institutional lenders.

The criteria for qualification in this ‘niche’ mortgage market focuses principally on the value and quality of the real estate being offered as security (the loan-to-value ratio) but also takes into consideration the “exit strategy.” To maintain a stable interest yield on the mortgage portfolio the Manager will manage risk through the maintenance of a diversified mortgage portfolio, the application of consistent and prudent underwriting criteria, and diligent and proactive mortgage servicing.

When deemed necessary and where appropriate, the Mortgage Banker will establish and manage property tax escrow accounts in respect of the real property provided as security for the Fund’s mortgage investments.

The Mortgage Manager intends to create a loan loss reserve account over time from earnings realized over and above amounts paid out as monthly dividends. The funds in this account from an accounting point of view will have been taken as an expense by the Fund in a prior fiscal period in anticipation that losses may be realized on the mortgage portfolio in the future. The size of this account relative to the overall size of the mortgage portfolio will be determined in the Mortgage Manager’s sole and unfettered discretion.

2.5 **Investment and Operations Policies** - In summary form, the Mortgage Banker intends to follow the guidelines below in assessing individual mortgage investment opportunities:

• One hundred percent of the Fund’s capital is to be invested in 1st and 2nd mortgages to be registered against real property located in Ontario;
• No greater than 20% of the Fund’s capital to be invested with any one borrower (save and except in the first year of operations where more than 20% of capital may be outstanding to any one borrower as the mortgage portfolio is built);
• No greater than 20% of the Fund’s capital to be invested in any single mortgage investment (save and except in the first year of operations where more than 20% of capital may be outstanding in any one mortgage as the mortgage portfolio is built);
• When not invested in mortgages, excess funds will be placed in CDIC insured investments including investments guaranteed by the Government of Canada, a province or territory of Canada, or interest-bearing cash deposits, deposit notes, certificates of deposit notes, certificates of deposit acceptance notes or other similar instrument issued, endorsed or guaranteed by a schedule 1 or schedule 2 Canadian chartered bank.
• Repayment schedules will consist primarily of 15 to 35 year amortization periods, and from time to time, interest only mortgages paid monthly;
• Mortgages will generally be written for terms of two years or less.
• Mortgage investments will be denominated in Canadian Dollars:
• Mortgages will be syndicated when it is deemed appropriate to minimize risk; and
• Collateral mortgages in second and third position will not be included in the computation of the 75% lending threshold.
• Construction and major rehabilitation loans are funded after receipt and review of an appraisal based on the “as-is” and “completed value” of the property. The loan is advanced in progress draws as predetermined by the Mortgage Banker and agreed to by the borrower. Prior to each loan advance the property is reinspected by an appraiser who will provide a written detailed progress report. In addition, all construction loans will be funded in compliance with the Construction Lien Act of Ontario, and are subject to the approval process otherwise required in connection with the Fund’s investments as outlined above.

The maximum loan to value for any particular mortgage investment will vary depending on a number of factors including the location and marketability of the property, and the condition of the property. In any event, the Fund will not lend greater than 75% of the value of a particular property as established by appraisal or opinion of value.

The Fund in order to renew or extend a mortgage loan, may increase the loan amount to pay for, but not limited to, renewal fees, extension fees, or legal fees, so long as any increase in the loan size shall not exceed 75% of the original valuation of the property.

Loans will not be made to the Mortgage Manager, Mortgage Banker, or associated and/or affiliated companies, and in particular will not be made to any shareholder, officer or director of the Mortgage Manager or Manager Banker, or to any company in which a director or shareholder of the Mortgage Manager or Mortgage Banker holds an equity interest.

Notwithstanding any loan to value limits stated herein or other general underwriting criteria outlined above, for risk management purposes only, the Fund may increase a given investment of the Fund's capital in order to remedy the default by a borrower of its obligations in respect of a prior ranking security, or to satisfy the indebtedness secured by a prior ranking security, or for any other reason if such action is required to protect the Funds security position in a particular investment provided such proposed increases in the Fund's investment are approved by the Mortgage Manager.

The following lists the type of property that the Fund intends to accept as security and the type of properties the Fund will not accept as security:

Eligible Properties

Residential detached and semi-detached homes Residential townhouse or highrise condominiums Cottages Waterfront and building lots Properties where funds will be used to renovate an existing building or construct a new building Multi-family residential Storefronts with apartments above Co-ownerships

Non-eligible Properties

Mobile Homes Places of Worship Marinas' Cooperatives Golf Courses Industrial and Commercial buildings Gas Stations Recreation Centres Campgrounds

2.6 **The Tax Act's MIC Criteria** - Section 130.1 of the Tax Act sets out the criteria governing a MIC, and in summary says that in order to qualify as a MIC for a taxation year, a company must have met the following criteria by the end of its first fiscal year, and maintain these criteria throughout every fiscal year thereafter:

1. Its only undertaking was the investing of its funds and it did not manage or develop any real property;
2. It did not invest in:
(a) mortgages secured by real estate located outside Canada, or property outside Canada;
(b) shares of companies not resident in Canada; or
(c) real property or leasehold interests outside Canada;
3. By the end of a MIC's first fiscal period, which for the Fund will occur on November 30, 2009, a MIC must have at least 20 shareholders, and no one shareholder together with related parties to that shareholder held between them more than 25% of the issued shares of any class of shares of the company;
4. At least 50% of the company's assets must be comprised of:
(a) loans secured on houses or on property included in a housing project, as those terms are defined in the *National Housing Act* (Canada)*;

(b) deposits insured by the Canada Deposit Insurance Corporation (“CDIC”) (or Quebec DIC);
(c) deposits in a credit union; and/or
(d) cash;
5. No more than 25% of the company’s assets consist of real property (excluding any real property acquired by foreclosure);
6. The company did not exceed, generally speaking, a 3:1 debt-equity ratio, or a 5:1 ratio if more than two-thirds of the company’s property consists of Residential Mortgages and/or deposits secured by the Canada Deposit Insurance Corporation (or Quebec DIC) or in a credit union.

> *The *National Housing Act (Canada)* provides that: ‘house’ means a building or movable structure intended for human habitation containing not more than two family housing units, together with the land, if any, on which the building or movable structure is situated; and that “housing project” means a project consisting of one or more houses, one or more multiple-family dwellings, housing accommodation of the hostel or dormitory type, one or more condominium units or any combination thereof, together with any public space, recreational facilities, commercial space and other buildings appropriate to the project, but does not include a hotel.”

Section 130.1 of the Income Tax Act authorizes a MIC to borrow funds and leverage its capital in certain ratios related to the type of assets held. Provided one-half of a MIC’s assets comprise a combination of *residential* mortgages and/or CDIC insured investments, the MIC is authorized to borrow up to a maximum of three times the amount of its assets. Provided two-thirds of a MIC’s assets comprise a combination of *residential* mortgages and/or CDIC insured investments, the MIC is authorized to borrow up to a maximum of five times the amount of its assets.

The Fund believes that this leverage opportunity is integral to its dividend performance, and the Fund will maximize its leverage opportunity under the Act. The Fund will borrow funds whenever funds are available provided it is economical and prudent to do so. The directors have determined that a very conservative level of debt is equal to 25% of the paid up capital of the Fund, and although the actual amount of debt may vary above or below this percentage, over the long term the objective shall be to maintain it at approximately this level. This leverage when utilized will allow the Fund to remain fully invested to the extent possible as funds are received from new investors or mortgages in the Fund begin to payoff. As this money comes in, the debt will be paid down pending the location of new investment opportunities.

The Fund will likely commit to more mortgages then it will ultimately retain in its portfolio. It is the intention of the directors to sell mortgages within its portfolio from time to time to other lenders that may or may not be associated with the Mortgage Manager or the Mortgage Banker, and to reinvest the proceeds on the belief that a certain level of turnover in the portfolio may lower the overall exposure to defaults and/or to maintain a higher return, while always complying with the criteria set out in the Income Tax Act to maintain the Fund’s MIC status.

As a MIC under the Tax Act, the Fund is entitled to deduct from its income the amount of taxable dividends it pays to its shareholders. The Fund’s constating documents require it to pay out as dividends substantially all of its net income and net realized capital gains every year, and as a result the Fund anticipates that it will not be liable to pay income tax in any year. Effectively the Fund operates as a tax-efficient conduit of profit to its shareholders. Refer to Item 6, Income Tax Consequences.

The Tax Act’s MIC criteria permit revenue sources other than residential mortgages, including among other things equity investments in real estate, investments in stocks and securities of Canadian companies, and mortgage lending in respect of commercial real estate. Notwithstanding its ability to invest in the array of investments allowed under the Tax Act, it is The Fund’s policy to invest its non-CDIC (short-term bank deposits) in mortgages secured by Ontario real estate property, primarily “residential” real estate property. A MIC’s only permitted undertaking under the Tax Act criteria is the investing of its funds, and it is specifically prohibited from managing or developing real property.

2.7 **Problem Identification and Rectification Experience** - The Fund intends to minimize risks associated with defaulting mortgages through its diligent standard for monitoring the Fund's mortgage portfolio. Any and all defaults are immediately dealt with by following effective enforcement procedures to their conclusion if necessary. The Fund will accomplish this through the Mortgage Manager and the Mortgage Banker, both of which have substantial experience in servicing loans, including the institution of enforcement proceedings.

The Mortgage Banker currently utilizes a very timely and effective default management and recovery program which includes but is not limited to the following:

- Implementation of enforcement proceedings following default under the terms of the mortgage;
- Issuing demand letters;
- Performing numerous property inspections starting usually from 15 days from notification of default; and
- Instructing legal counsel to commence enforcement proceedings in a timely fashion to ensure the security for the loan is realized as soon as possible, or in the alternative assisting the borrower to obtain alternative financing as soon as possible.

2.8 **Development of Business –** The Fund began soliciting interest from potential investors to invest in the Shares as of the date of this Offering Memorandum, namely December 1, 2008. The sole business of the Fund will be to invest in first and second mortgages registered against real estate located in Ontario, while at all times remaining qualified as a MIC under the Tax Act.

The Fund will payout a monthly dividend to holders of the Shares on the 15th of each month equal to net income earned by the Fund in the prior month calculated in accordance with generally accepted accounting practices.

The rate of return the Fund will earn from its mortgage investments will fluctuate with prevailing market demand for short-term mortgage financing. In most cases the Fund's mortgage investments will not meet financing criteria for conventional mortgages from institutional sources, and as a result these investments generally earn a higher rate of return than that normally attainable from conventional mortgage investments. The Mortgage Banker attempts to minimize risk by following a strict diversification strategy.

2.9 ***Long-Term Objectives*** – Over the long-term, the Fund intends to qualify as a MIC, raise investment capital, and invest substantially all its capital in mortgages secured against real property located in Ontario, Canada. All new investment will be rolled into the fund on the 1st of the month following the date said new investment is received. In the event a mortgage investment is not readily available at the time funds are accepted by the Fund, the Fund will invest in a CDIC insured deposit(s) at the Fund's chartered bank. Management believes that most if not all the funds received will have suitable mortgage investments readily available.

2.10 ***Short-Term Objectives –*** Over the next 12 months, the Fund's objective is to raise further equity capital, invest it pursuant to the Tax Act's MIC criteria with the intent of optimizing return (as described in more detail above under Items 2.2, 2.3, and 2.4), and continue paying monthly dividends to its shareholders. However, the Fund's business plan is not dependant on placement of the full amount of this offering. The amount of $20,000,000 it is simply a target. The Fund anticipates that whatever funds are raised will be sufficient for the Fund to continue implementing its business plan.

2.11 ***Material Agreements –*** The Fund is currently a party to the following material agreements:

<u>Mortgage Servicing Agreement and Management and Advisory Services Agreement</u>

The Fund and the Mortgage Banker have entered into an exclusive Mortgage Servicing Agreement dated November 27, 2008, under which the Mortgage Banker administers the Fund's business affairs on a day to day basis and provides mortgage origination, underwriting, adjudication, and mortgage servicing to the Fund pursuant to the terms of the Mortgage Servicing Agreement. The Fund has also entered a Management and Advisory Services Agreement with New Haven Treasury Management Inc. (the "Mortgage Manager") dated November 27, 2008 pursuant to the terms of which the Mortgage Manager will provide exclusive ongoing management, advice and consulting services to the Fund.

The Mortgage Banker, the Mortgage Manager, and The Fund are "related" companies. David Vyner and Jason Vyner jointly own 100% of the common equity in the capital stock of each of Mortgage Banker and the Mortgage Manager, and each own 25% of the outstanding common equity in the capital stock of the Fund. Each of David Vyner and Jason Vyner are also directors and officers of the Mortgage Banker and Mortgage Manager, and each are directors and officers of the Fund. Each of David Vyner and Jason Vyner are registered mortgage professionals in good standing in Ontario, and have been for 25 and 23 years respectively.

The Mortgage Banker and the Mortgage Manager will be responsible for the employment expenses of their personnel, including but not limited to, salaries, wages, employee benefit plans, temporary help expenses, costs, associated with the sourcing and arranging of eligible investments for presentation to the Fund, rent, telephone, utilities, office furniture and supplies, equipment and machinery and other office expenses relating to the performance of the Mortgage Banker and Mortgage Mangers's duties and obligations under the Mortgage Servicing Agreement and Management and Advisory Services Agreement.

The Fund may advertise for additional investors from time to time which advertising costs will be borne by the Fund. The costs pertaining to advertising will be reasonable and economical so as too not produce a major adverse effect on the yield of the investment pool. The Mortgage Manager strongly believes that by increasing the size of the Fund, the overall risk of the loan portfolio is greatly reduced which significantly reduces the investment risk to each individual investor.

The Fund will pay the following amounts to the Mortgage Banker under the Mortgage Servicing Agreement:

1. In respect of the Mortgage Banker's mortgage servicing and administrative function, an annual fee equal to .15 of one percent of the total value of funds under management as of the last day of each month calculated on a monthly basis and paid to the Mortgage Banker on the last day of each month. For greater certainty the term "funds under management" means the actual value of the mortgage portfolio held by the Fund as of the first of each month.
2. The Mortgage Banker will also be paid all fees charged to mortgagors on account of mortgage servicing, mortgage renewal, and mortgage enforcement work done by the Mortgage Banker as provided by the terms of the mortgages held by the Fund. These fees are added to the balance outstanding under the mortgage and must be repaid by the borrower to the Fund to obtain a discharge of the mortgage. However it is possible that not all such fees which have accrued under the terms of the mortgage and are secured by the mortgage will be recovered if the property must be sold under power of sale. This situation happens infrequently but should it occur these fees would than constitute an expense to the Fund.

3. The Mortgage Banker is responsible for originating and underwriting all mortgage investment opportunities for the Fund. In consideration for these services, it will charge a fee to the borrower (or some cases more than one fee if additional work is required to be done in closing the transaction) which fees are paid by the borrower from the mortgage proceeds and must be repaid by the borrower to obtain a discharge of the mortgage.

The Fund will pay the following amounts to the Mortgage Manager under the terms of the Management and Advisory Services Agreement:

1. In respect of the Mortgage Manager's general advice and advisory services, an annual fee equal to .85 of one percent of the value of funds under management as of the last day of each month calculated on a monthly basis and paid to the Mortgage Manager on the last day of each month. For greater certainty the term "funds under management" means the actual value of the mortgage portfolio held by the Fund as of the first of each month.

2. The Mortgage Manager will also be paid an annual performance fee equal to 50% of the net return earned by the Fund over and above 10% per annum on the paid up capital of the Fund after all expenses including the management and advisory services fees herein discussed.

Notwithstanding the above, the terms of the Mortgage Servicing Agreement and the Management and Advisory Services Agreement provide that at the sole and unfettered discretion of each of the Mortgage Banker and the Mortgage Manager, the entities may allocate the remuneration provided for in these agreements as between them at any time or times so long as the total paid to these companies does not exceed 1.0% of funds under management (as this term is defined in these Agreements) in any fiscal year, and may allocate any performance bonus earned between them as they deem most beneficial from a tax point of view provided that the maximum amount payable cannot exceed 50% of the return earned over and above 10% per annum.

The Mortgage Manager may employ from time to time the services of a related property management company to engage in dealing with the default and distress real estate situations the Fund may encounter. Remuneration may be paid to such property manager separate and distinct of any administration or services fees paid to the Mortgage Banker or the Mortgage Manager, which property management fees are usually paid from the proceeds of sale of any property under enforcement or the proceeds of any refinance.

The Mortgage Manager may appoint from time to time a licensed realtor which may or may not be related to either the Mortgage Banker or the Mortgage Manager in the event a property must be listed for sale to realize on the Fund's mortgage loan investment.

The Mortgage Servicing Agreement and Management and Advisory Services Agreement are for initial terms of ten years and will be automatically renewable for further terms of five years each after the expiration of the initial term, subject to the provisions for termination. The Fund may only terminate the Mortgage Servicing Agreement and Management and Advisory Services Agreement for cause, upon the affirmative vote of a special majority of the Fund's directors. The Mortgage Banker and the Mortgage Manager may respectively terminate the Mortgage Servicing Agreement and Management and Advisory Services Agreement as follows: a) immediately upon the winding up, bankruptcy or receivership of The Fund, or b) upon 120 days notice to the Fund.

The Fund, the Mortgage Banker and the Mortgage Manager expressly agree in each of the Mortgage Servicing Agreement and Management and Advisory Services Agreement that neither of the Mortgage Servicing Agreement nor the Management and Advisory Services Agreement create a fiduciary relationship between the Fund and either the Mortgage Banker or the Mortgage Manager. However each of the Mortgage Banker and the Mortgage Manager has agreed that it will exercise its powers and discharge its duties under these agreements honestly, in good faith and in what it reasonably believes to be in the best interests of the Fund.

Each of the Mortgage Banker and the Mortgage Manager will be given reasonable advance notice of (and agendas if available) and has the right to attend and be heard at all meetings of the Fund's shareholders, the Fund's board of directors, and any committees established by the board of directors, and the Mortgage Banker and Mortgage Manager will be provided with copies of the minutes of any resolutions passed at all such meetings within a reasonable time after the meeting.

The Fund acknowledges in the Mortgage Servicing Agreement and Management and Advisory Services Agreement that each of the Mortgage Banker and Mortgage Manager, and their respective shareholders, directors and senior officers have, or may acquire, interests and dealings in other companies, joint ventures, limited partnerships and/or MICs which are presently or may in the future be actively engaged in similar businesses as the Fund. The Fund agrees that each of the Mortgage Banker and the Mortgage Manager, as well as all of their respective shareholders, directors or senior officers will not be liable to the Fund for any conflict of interest as a result of such other interests or dealings, and that such interests and dealings do not and will not constitute a breach of the Mortgage Servicing Agreement and Management and Advisory Services Agreement even if competitive with the business of the Fund, and even if the business opportunity could have been pursued by the Fund.

Neither the Mortgage Banker nor the Mortgage Manager will be liable to the Fund in respect of any loss or damage suffered by The Fund, including any loss or diminution in the net assets (that is, the value of The Fund's assets less its liabilities) of the Fund, unless such loss or damage is a direct result of gross negligence, gross wilful misconduct, or dishonesty by the Mortgage Banker or the Mortgage Manager in relation to their respective duties and responsibilities under the Mortgage Servicing Agreement and Management and Advisory Services Agreement.
The Mortgage Servicing Agreement and Management and Advisory Services Agreement also provide that The Fund will indemnify the Mortgage Banker and the Mortgage Manager, as well as their directors, officers and employees, from any claims arising in relation to the Mortgage Banker or Mortgage Manager's duties and responsibilities under the Mortgage Servicing Agreement and Management and Advisory Services Agreement.

The following licences have been granted by the Financial Services Commission of Ontario ("FSCO") to the Mortgage Banker and its officers and directors effective July 1, 2008:

New Haven Mortgage Corporation (Mortgage Broker) License No. 10588
New Haven Mortgage Corporation (Mortgage Administrator) License No. 11284
Jason Vyner (Mortgage Agent) License No. M08003054
David Vyner (Broker/Principal Broker) License No. M08003055

Notwithstanding any other provision of the Mortgage Servicing Agreement, the Fund has granted to the Mortgage Banker, or any related company, the irrevocable right at any time to purchase the Fund's investment in any and/or all of the mortgages held by the Fund for a purchase price equal to the Fund's percentage interest in the principal amount of such mortgages, and accrued interest payable thereon, calculated as at the end of business on the day immediately preceding the purchase date, less all accrued costs and expenses relating to the Fund.

Shareholder's Agreement

The holder's of the common voting shares and the Fund have entered into a Shareholder's Agreement dated November 27, 2008 to govern their respective rights and obligations vis-a-vis each other as holders of the voting shares. This provisions of this Agreement do not affect the rights and obligations of the holder's of the Shares.

Auditing Agreement

As a MIC, the Fund is deemed to be a public company by section 130.1 of the Income Tax Act. The Fund will be entering a Auditing Agreement with a qualified chartered accountant licensed to practice accountancy in Ontario prior to the end of its first fiscal year, which will occur on November 30, 2009.

Use of Name License Agreement

The business name “New Haven” and “New Haven Mortgage,” and all derivatives thereof, is owned by the Mortgage Banker. The Mortgage Banker has granted the Fund a nonexclusive license to use this name. The compensation payable to the Mortgage Banker for the use of this business name is included in the management fee payable to the Mortgage Banker by the Fund.

Under the said Agreement, the Mortgage Banker may set standards and specifications as to the quality of the financial services associated with The Fund’s use of the business name, and any advertising or other use by the Fund of the name.

The Agreement is automatically renewed every year unless one of the parties provides notice of termination to the other not less than 30 days prior to an anniversary date of the Agreement. The Agreement also provides that it will be terminated upon certain adverse circumstances relating to the Fund, and that the Mortgage Banker can terminate it upon 30 days notice to The Fund. Upon termination, The Fund must cease all use of the business name, including the deletion of the name from its corporate name. All ownership rights in the business name or any derivatives thereof will at all times remain the exclusive property of the Mortgage Banker.

Initial Financing Agreement

The Corporation has also procured a $50,000.00 line of credit from P.O.A.F.G.. Corp., a corporation controlled by David Vyner and Jason Vyner, to fund initial set-up expenses associated with the creation of the Fund, and the preparation of this Offering Memorandum. This credit facility is repayable on demand, open for repayment at any time without notice or bonus, and bears interest at a rate of Prime plus 3.0% per annuum. Interest only payments shall be made to P.O.A.F.G.. Corp. on the first day of each month while any principal remains outstanding.

Subordination Agreements

The Fund may enter into agreements with third party institutions and nonbank lenders whereby the Fund will hold a subordinate position in individual mortgages. For so doing it will receive a premium return. This is accomplished by the senior lender receiving a lower return to reflect its lower risk position. The Manager believes that this is a very effective way to leverage the return earned by the Fund without taking any additional risk as these mortgages will be mortgages that would have been funded in any event.

Third Party Marketing Agreements, Finder’s Fees and Commissions

The Manager on behalf of the Fund may enter into marketing agreements with third parties such as Preferred Shareholders, mortgage brokers/agents, financial advisors, stock brokers, and financial intermediaries to market the Shares on behalf of the Fund. None of the Mortgage Banker, Mortgage Manager or any their respective directors, officers or shareholders, will be paid anything to marker shares on behalf of the Fund. The compensation paid to such third parties will be negotiated with such persons but in any event will not exceed 2.0% of the total investment. No further compensation shall be paid on any re-investment plan or additional investment(s).

The compensation is considerably lower than that charged by financial intermediaries at the time of this offering, which is generally 4.0% to 5.0%.

This commission can be paid up front at the time the investment is received or paid over time, or a combination thereof, as determined at the sole and unfettered discretion of the Mortgage Manager.

None of the Mortgage Banker, Mortgage Manager, or any of their respective directors, officers, or common shareholders will be compensated to market Shares on behalf of the Fund.

ITEM 3 DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 ***Compensation and Securities Held -***The following table sets out the specified information about each director, officer, and promoter of the Fund and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of The Fund (a "principal holder").

Name and municipality of principal residence	Positions held (e.g., director, officer, and/or promoter and the date of obtaining that position	Compensation paid by issuer in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Fund held after completion of min. offering	Number, type and percentage of securities of the Fund held after completion of max.offering
David Vyner	Director, President, and Promoter since November 27, 2008	NIL	25 common shares representing 25% of outstanding voting common equity	Same
Jason Vyner	Director, Secretary-Treasurer since November 27, 2008	NIL	25 Common Shares representing 25% of outstanding voting common equity	Same
Doron Noah	N/A	NIL	25 Common Shares representing 25% of outstanding voting common equity	Same
Eliahu Mansoor	N/A	NIL	25 Common Shares representing 25% of outstanding voting common equity	Same

1. Management Experience -The following table sets out the principal occupations of the directors and executive officers of the Fund over the past five years, and their relevant experience in businesses similar to that of the Fund.
2. Penalties, Sanctions and Bankruptcy: None of the directors or officers of the Fund have had any penalties or sanctions issued against them over the past five years, and none have been bankrupt in the last five years

Name	Principal occupation and related experience
David Vyner	David has been a registered mortgage professional in good standing in Ontario, and has been such since 1982. David has been involved in all aspects of the mortgage industry since that time, including being engaged in brokering, underwriting, syndicating, and administering residential and commercial mortgages.
Jason Vyner	Jason is David's brother, and is also a registered mortgage professional in good standing in Ontario, and has been such since 1985. Jason has been involved in all aspects of the mortgage industry since that time, including being engaged in brokering, underwriting, syndicating, and administering residential and commercial mortgages.

ITEM 4 CAPITAL STRUCTURE

4.1 ***Share Capital*** -The following table sets out information about The Fund's outstanding securities, including any options, warrants and other securities convertible into Shares as of November 27, 2008.

Description of Security	Number authorized to be issued	Number outstanding as at November 27, 2008	Number outstanding after minimum offering	Number outstanding after maximum offering
Voting Common Shares	Unlimited	100	100	100
Non-voting Class A Preferred	Unlimited	NIL	NIL	20000000

4.2 **Long Term Debt -** The Fund currently has no long term debt.

4.3 **Prior Sales -** The Fund has issued the following Shares within the last 12 months:

NONE

ITEM 5 SECURITIES OFFERED

5.1 ***Terms of Securities*** **–** A description of the material terms of the securities being offered, include:

(a) **Voting –** The holders of the Shares are not entitled to notice of or to attend or vote at meetings of the holders of common shares of the Fund.

(b) **Redemption Rights –** The Shares have redemption rights, meaning their holders have a right to present all or some of their Shares to the Fund for cancellation and payment to such shareholder by the Fund of the retracted shares' Redemption Amount." This amount is equal A Share's "Redemption Amount" and the associated redemption rights of the Shares are defined in the Articles of the Fund as follows:

> "The holders of the issued and outstanding Class A Preferred Shares,

c) shall have the right to require the Corporation to redeem all or part of the shares held by the said holder at any time subsequent to the date that is 180 days following the date such Class A Preferred Shares were issued to such holder upon giving the Corporation 120 days notice in writing delivered to the Corporation's registered head office at a redemption price equal to one hundred percent (100%) of the amount paid upon issuance of such shares, the amount of all dividends declared thereon and unpaid, and the pro-rata amount of the Corporation's retained earnings as determined by the Fund's auditor computed at the time such shares are redeemed. The Corporation shall pay the Redemption Amount on the first of the month following the month in which the said 120 day notice period expires."

The Shareholder's right to retract their Shares is subject to the following discretion vested with The Fund's directors pursuant to the constating documents of The Fund which provide as follows:

> "The Directors will use their best efforts to ensure that the Fund at all relevant times qualifies as a "Mortgage Investment Corporation" pursuant to the *Income Tax Act* (Canada). Without limiting the generality of the foregoing, in addition to any other power and authority the Directors may have, and notwithstanding any other provision of these Articles, the Directors may in their sole discretion reject any applications for stock dividends or share subscriptions, transfers, redemptions or retractions where in the view of the Directors such transaction would imperil the Fund's status as a "Mortgage Investment Corporation" under the *Income Tax Act* (Canada). If such discretion is exercised by the directors, there shall be imposed upon them an obligation to take all reasonable steps to allow the proposed transaction to take place as soon as reasonably possible thereafter provided it is otherwise allowed under the provisions of these articles."

The Fund may only reject a retraction application if the retraction would put the Fund offside of the Tax Act's MIC criteria regarding shareholders, which requires that a MIC have at least 20 shareholders, and no one shareholder together with shares held by that parties spouse and minor children hold between them more than 25% of the issued shares of any class of shares of the MIC. However the Fund is required to honour the request to redeem as soon as reasonably possible if for any reason such additional time is required.

(d) **Dividends –** The Fund's Articles of Incorporation require it to pay out as dividends substantially all of its net income and net realized capital gains every year to the holders of the Shares, subject to the directors' discretion to establish loan loss reserves for the Fund. Dividends will be paid monthly with the appropriate adjustment made to the final dividend payment owing on December 15 of each year to holders of record as of the November 30 in that year ensure the net income of the Fund is reduced to NIL. The Articles prevent the payment of dividends to the holder's of the common shares.

(e) **Pre-emptive Rights –** Except as otherwise required by law, the holders of the Shares are not entitled as such to subscribe for, purchase, or receive any part of any issue of shares, bonds, debentures, or other securities of the Fund.

(f) **Liquidation, Dissolution, or Winding up –** In the event of the liquidation, dissolution or winding-up of the Fund, whether voluntary or involuntary, or in the event of any other distribution of assets of the Fund among its shareholders for the purpose of winding-up its affairs, the Fund will distribute the assets of the Fund among the shareholders in the following order or priority:

(i) First, all holders of the Shares will receive the return of the paid up capital on their Shares. If there are insufficient assets to fully return the paid up capital, the assets will be distributed among all the holders of the Shares pro rata in proportion to their paid capital;

(ii) Second, any remaining assets will be distributed among the holders of the Shares in the same proportions as if it were a dividend distribution, calculated on the basis of the paid-up capital on the books of the Fund prior to the application of paragraph (i).

5.2 **Subscribing Procedure –** Persons wishing to subscribe for Shares under this Offering may do so by completing the following three steps:

(i) **Subscription Forms** – ***This Offering Memorandum is for persons who are resident in Canada and live in any of Ontario, Saskatchewan, New Brunswick, Northwest Territories, and Nunavut***. To subscribe for shares, Investors who are resident in these jurisdictions must complete the Subscription Agreement attached hereto as Schedule A, including all Exhibits attached thereto.

IF YOU HAVE QUESTIONS ABOUT COMPLETING THE SUBSCRIPTION AGREEMENT, OR IF YOU ARE NOT A RESIDENT IN THESE JURISDICTIONS BUT WOULD LIKE TO SUBSCRIBE, PLEASE CONTACT THE OFFICE OF THE MORTGAGE MANAGER AT 1-866-996-8226, EXT. 204, AND THE MORTGAGE MANAGER WILL PROVIDE YOU THE APPROPRIATE OFFERING MEMORANDUM FOR THE JURISDICTION IN WHICH YOU LIVE.

(ii) **Method for Payment** – A cheque or bank draft in an amount equal to $1.00 multiplied by the number of Shares being subscribed for must be forwarded to company's head office in Richmond Hill, Ontario made payable to New Haven Mortgage Income Fund (1) Inc.

(iii) **Submitting Subscriptions –** Investors may deliver the completed Subscription
Agreement and funds payable to **New Haven Mortgage Income Fund (1) Inc.** by mail or in person to:

New Haven Mortgage Income Fund (1) Inc. Suite 203 9040 Leslie Street Richmond Hill, Ontario L4B 3M4

Tel. No: 1-866-996-8226, Ext. 204 Fax No.: 1-866-784-6385
E-mail: dvyner@newhavenmortgage.com

Your subscription funds will be held for your benefit by the said New Haven Mortgage Income Fund (1) Inc. for two days after receipt by the said company. At any time before 11:59 p.m. on the 2nd day following receipt by firm of your completed Subscription Agreement and funds, you may cancel your subscription by notice in writing sent to the Fund by email or fax and your investment will be forthwith returned to you without interest or deduction. As a consequence, to be eligible to receive a dividend for the period commencing on the 1st of any particular month and terminating on the final day of that month, completed Subscription Agreements and funds must be received no later than the close of business on the 25th of the prior month (or the last business day before if the 25th if it is a holiday).

(iv) **Acceptance of Subscriptions and Closings –** Subscriptions may be accepted at the sole discretion of the Mortgage Manager, and are subject to the terms and conditions of the Subscription Agreement signed by the investor. The authority to accept or reject subscriptions has been delegated to the Mortgage Manager to insure that the Fund maximizes its return for existing investors, that the fund remains qualified as a "MIC" as this term is defined by the Tax Act, and to insure that the Fund complies with all other relevant securities laws. The Mortgage Manager may also defer acceptance of a subscription on behalf of the Fund if the directors do not anticipate that the Fund will have sufficient investment opportunities within the next 30 day period to absorb the funds. If the directors do defer acceptance, such funds shall be invested in a CDIC insured investment available to the Mortgage Manager until the money can be rolled into the Fund's mortgage portfolio, with all interest earned being paid to such investor. If the Mortgage Manager rejects a subscription for any other reason, the subscription funds received will be returned to the Investor, without interest or deduction, along with notification of the rejection.

THIS OFFERING IS NOT SUBJECT TO ANY MINIMUM SUBSCRIPTION LEVEL SAVE AND EXCEPT AS REQUIRED FOR THE FUND TO MAINTAIN ITS STATUS AS A "MIC" UNDER CANADIAN INCOME TAX LAW. THEREFORE ANY FUNDS RECEIVED FROM AN INVESTOR ARE AVAILABLE TO THE FUND AND NEED NOT BE REFUNDED TO THE INVESTOR SAVE AND EXCEPT AS REQUIRED BY THE CONSTATING DOCUMENTS OF THE FUND, THE TERMS OF THIS OFFERING MEMORANDUM, OR AS OTHERWISE REQUIRED BY LAW.

This Offering may be nullified at the sole discretion of the Mortgage Manager acting on behalf of The Fund. For example, the Mortgage Banker might choose to nullify the Offering upon the occurrence of events such as any material adverse to change in the business, personnel or financial condition of the Mortgage Banker. If this Offering is nullified for any reason, the Subscription Agreement and cash funds received by the Mortgage Banker prior to the nullification will be returned to Investors without interest or deduction as if the Investors' subscription had been rejected (whether or not the subscription(s) had previously been accepted by The Fund).

A prospective Investor will become a shareholder upon execution of a Subscription Agreement, acceptance of the Subscription Agreement by the Mortgage Manager acting on behalf of the Fund, payment of the subscription price, and entry of the Investor's name in the shareholder register of the Fund.

5.3 **Investor Qualifications and Minimum Investment Amount for Residents of Ontario, Saskatchewan, New Brunswick, Northwest Territories, and Nunavut Residents:** If you are a resident of Ontario, Saskatchewan, New Brunswick, Northwest Territories, or Nunavut, the minimum investment if you are an "accredited investor" is $25,000.00 CDN and the minimum investment if you are not an "accredited investor" is $150,000.00. If you are subscribing as an "accredited investor," when you complete the Subscription Agreement attached hereto as Schedule A you must indicate in Exhibit A to this document the grounds upon which you qualify as an "accredited investor." Under applicable securities law, an "accredited investor" is:

1. a Canadian financial institution, or a Schedule III bank,

2. the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Statutes of Canada, 1995, c. 28),

3. a subsidiary of any person referred to in paragraphs *a* or *b*, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary, *4.* a person registered under the securities legislation of a jurisdiction of Canada as an advisor or dealer, other than a person registered solely as a limited market dealer under one or both of the Securities Act (R.S.N.L. 1990, c. S-13) of Newfoundland and Labrador,

5. an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph *d*,

6. the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada,

7. a municipality, public board or commission in Canada and a metropolitan community, school board, the Comite de gestion de la taxe scolaire de l'ile de Monteal or an intermunicipal management board in Quebec;

8. any national, federal, state, provincial, territorial or municipal government or in any foreign jurisdiction, or any agency of that government,

9. a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada,

10. an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000.00;

11. an individual whose net income before taxes exceeded $200,000.00 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000.00 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,

12. an individual who, either alone or with a spouse, has net assets of at least $5,000,000.00;

13. a person, other than an individual or investment fund, that has net assets of at least $5,000,000.00 as shown on its most recently prepared financial statements,
14. an investment fund that distributes or has distributed its securities only to,

i. a person that is or was an accredited investor at the time of the distribution,

2. a person that previously acquired securities as an non-accredited investor by investing at $150,000.00;

15. an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Quebec, the securities regulatory authority, has issued a receipt,

16. a trust company or trust corporation registered or authorized to carry on business under the Trust and loan Companies Act (Statutes of Canada, 1991, c. 45) or under comparable legislation in a jurisdiction of Canada or foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be,
17. a person acting on behalf of a fully managed account managed by that person, if that person,

i. is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation or a jurisdiction of Canada or a foreign jurisdiction, and

ii. in Ontario, is purchasing a security that is not a security of an investment fund;

18. a registered charity under the Income Tax Act (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded,

19. an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs *a* to *d* or in paragraph *i* in form and function,

20. a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors,

21. an investment fund that is advised by a person registered as an advisor or a person that is exempt from registration as an advisor, or

22. a person that is recognized or designated by the securities regulatory authority, or, except in Ontario and Quebec, the regulator as,
i. an accredited investor, or
ii. an exempt purchaser in Alberta or British Columbia after this Regulation comes into force.

ITEM 6 INCOME TAX CONSEQUENCES

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

6.2 **No application has been made for an advance income tax ruling with respect to the investment described in this Offering Memorandum nor is it intended that any application be made.**

The Fund has prepared the following commentary, which it believes is a fair and adequate summary of the principal federal income tax consequences arising under the Tax Act to an Investor who is an individual resident in Canada who acquires Shares under this Offering Memorandum.

The income tax consequences will not be the same for all investors, but may vary depending on a number of factors including the province or provinces in which the Investor resides or carries on business, whether Shares acquired by him will be characterized as capital property, and the amount his taxable income would be but for his participation in this Offering.

The following discussion of the Canadian income tax consequences is, therefore, of a general and limited nature only and is not intended to constitute a complete analysis of the income tax consequences and should not be interpreted as legal or tax advice to any particular investor. This summary does not address provincial or territorial laws of Canada or any tax laws of any jurisdiction outside of Canada. Each prospective Investor should obtain advice from his own independent tax advisor as to the Canadian federal and provincial income tax consequences of his acquisition of Shares, as such consequences can vary depending upon the particular circumstances of each investor.

This summary is based on the Fund's understanding of the current provisions of the Tax Act, the Regulations to the Tax Act, and the current administrative and assessing practises of Canada Customs and Revenue Agency, Taxation ("CCRA").
This summary outlines the Canadian federal income tax consequences to an Investor based on important facts and assumptions as set out by the Fund in the Offering Memorandum and particularly on additional facts and assumptions as follows:

(a) Investors are, and will not cease to be, individual residents in Canada;
(b) Investors acquire Shares pursuant to this Offering Memorandum and hold the Shares as capital property;
(c) Investors hold Shares for the purpose of earning income and have reasonable expectation of earning a profit from holding the Shares; and
(d) The Fund will qualify at all material times as a MIC for the purposes of the Tax Act.

It is incumbent upon prospective Investors to fully investigate and substantiate the expectations above and, with respect to the assumption stated in (c) above, it is incumbent on an Investor to investigate and substantiate his expectation of earning a profit from holding Shares, having regard to his expected financing costs and any projections he may wish to obtain from the Fund.

There is no assurance that the Tax Act and related Regulations will not be amended in a manner that fundamentally alters the income tax consequences to Investors who acquire or dispose of Shares. This summary does not take into account any changes in law, whether by way of legislative or judicial action.

There has been no application for an Advance Income Tax Ruling from CCRA on any aspect of the transactions proposed in the Offering Memorandum, nor is it intended that such an application will be made. No opinion from The Fund's legal counsel or accountants has been given with respect to these income tax considerations. The analysis contained herein is not all encompassing and should not be construed as specific advice to any particular Investor and is not a substitute for careful tax planning, particularly since certain of the income tax consequences of an investment will not be the same for all taxpayers. Regardless of tax consequences, a decision to purchase the Shares offered should be based primarily on the merits of the investment as such and on an Investors ability to bear any loss that may be incurred.

The Fund

As a MIC, the Fund is subject to special rules under the Tax Act that permit the Fund to be operated, in effect, as a tax free "flow through" conduit of its profit to its shareholders. The income of the Fund for purposes of the Tax Act includes interest earned and the taxable portion of any net realized capital gains. The Fund is permitted to deduct from its net income all taxable dividends it pays to its shareholders, other than capital gains dividends, and the taxable portion of its net realized capital gains distributed to Shareholders as capital gains dividends within the periods prescribed by the Tax Act. If and to the extent the Fund has income after these and other applicable deductions, such income is subject to the prevailing tax rates applicable to a public corporation.

Shareholders

A. Dividends

Taxable dividends, except capital gains dividends, received by a Shareholder are taxable in the hands of the Shareholder as interest and not as dividends. Capital gains dividends received by a Shareholder are treated as capital gains of the Shareholder, one half of which must be included as a "taxable capital gain" in computing the Shareholder's taxable income. As a result of the repeal of the $100,000 capital gains exemption, such capital gains are no longer eligible for the capital gains exemption.

B. Dispositions

The cost to a Shareholder of his Shares (plus or minus certain adjustments required under the Tax Act) will be the adjusted cost base of the Shares at any particular time, against which a capital gain or capital loss will be measured on a sale or other deemed disposition of the Shares. For the purposes of calculating the "adjusted cost base" of the Shares, the investor will include the amount paid for the Shares plus any increase in value in the Shares. Given all income is intended to be paid to investors, it is not expected that the Shares will increase in value over time. The Shares will decrease in value only if the Fund suffers losses on mortgage investments. Any such losses would be reflected in a negative balance in the retained earnings of the Fund. The value of each investor's Shares would decrease pro-rata.

A Shareholder will be considered to have disposed of his Shares when he assigns or sells his Shares, his Share is the subject of a gift, he dies, or where the Fund is wound-up or otherwise terminated. A Share which is the subject of a gift or which is held by a Shareholder when he dies is generally deemed to be disposed of for proceeds equal to fair market value at that time. However, in certain circumstances a capital gain or capital loss will be deferred where gift or bequest transfers the Share to the Shareholder's spouse.

Generally, a Shareholder will realize a capital gain (or sustain a capital loss) equal to the amount by which the proceeds received or deemed to have been received on the disposition of a Share exceed (or are exceeded by) the adjusted cost base of the Share.

Shareholders will include one half of any capital gain in computing taxable income as a "taxable capital gain." Similar proportions of a capital loss will be "allowable capital loss" that may be used to offset taxable capital gains in the year that the capital loss is sustained. To the extent the allowable capital loss is not offset against taxable capital gains in that year, it may be carried back three years and forward indefinitely to offset taxable capital gains realized in those years.

C. Interest on Money Borrowed to Purchase Shares
An Investor will generally be entitled to deduct from his income reasonable interest paid or payable with respect to monies borrowed to acquire Shares, provided he has a reasonable expectation of profit from holding the Shares. Interest expense deducted by an Investor will be included in computing his cumulative net investment losses.

After the disposition of a Share by a taxpayer, reasonable interest expense on money borrowed for the purpose of acquiring that Share will generally continue to be deductable until the borrowing is repaid, regardless of whether a gain or loss was realized on the disposition of the Share, except to the extent any proceeds of disposition attributable to that borrowed money are used to make personal expenditures by the taxpayer or are not otherwise used for the purpose of earning income.

Deferred Income Plans (RRSPs, RRIFs, Deferred Profit Sharing Plans)

A. Eligibility for Investment by Deferred Income Plans

As long as the Fund is qualified as a MIC under the Tax Act, the Shares will be qualified investments for trusts governed by a registered retirement savings plan ("RRSP"), deferred profit sharing plans, and registered retirement income funds, provided the Fund does not hold any debt of an annuitant or a related party.

B. Interest Expense Regarding RRSP Contributions

Interest and other borrowing costs incurred by a Shareholder for the purpose of making a contribution to an RRSP are not deductable. Therefore, if a Shareholder holds Shares in an RRSP, the Shareholder would not be eligible to deduct from his income any interest expense on money borrowed for the purpose of acquiring the Shares held in the RRSP.

C. Distributions Received From Issuer by RRSP

As noted, taxable dividends are deemed to be interest income to the Shareholder, which together with one half of capital gains dividends are added to the Shareholder's taxable income if the Shares are held personally by the Shareholder. Such distributions paid on Shares held by an RRSP, however, will not be subject to tax in the hands of the RRSP, provided the RRSP has not borrowed money or carried on business and the annuitant under the RRSP is alive. An RRSP will not carry on business merely by holding Shares. The distributions paid to the RRSP will be taxable to the annuitant under the RRSP on withdrawal of the funds from the RRSP, which must occur no later than the year the annuitant becomes 69 years old.

D. RRSP Contribution Limits

An individual may contribute cash or eligible property (such as a Share) to an RRSP in a calendar year or within 60 days after the end of the year, and may claim a deduction for that calendar year to the extent that the amount contributed does not exceed the limited specified by CCRA. The amount of an individual's contribution will be equal to the fair market value of any property contributed as of the date of contribution. A seven year carry forward of unused RRSP deduction room is available in the event contributions made to an RRSP for a particular year are less than the allowable contribution for that year.

The transfer of a Share to an RRSP will result in the deemed disposition for income tax purposes at an amount equal to the fair market value of the Share at the time of the transfer. For an individual Shareholder who holds a Share as capital property, the disposition will result in a capital gain equal to the excess of the fair market value of the Share over its adjusted cost base. Should the fair market value of the Share be less than its adjusted cost base upon contribution to the RRSP, no capital loss will be allowed.

Funds or properties withdrawn from an RRSP are taxable to the annuitant under the RRSP in the year of withdrawal. The amount of any non-qualified investment acquired by an RRSP in a year is included in the income of the annuitant for the year.

EACH PROSPECTIVE INVESTOR IS ADVISED TO SEEK INDEPENDENT ADVICE IN RESPECT OF THE INCOME TAX CONSEQUENCES OF HIS PARTICIPATION IN THE FUND, TAKING INTO ACCOUNT HIS OWN PARTICULAR CIRCUMSTANCES.

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

7.1 The Mortgage Manager may enter into marketing agreements with third parties such as financial advisors, stock brokers, and financial intermediaries to market the Shares on behalf of the Fund. The compensation paid to such third parties will be negotiated with such persons but in any event will not involve payment to them of an amount in excess of 2.0% of the amount of investment.

ITEM 8 RISK FACTORS

This purchase of Shares involves a number of risk factors and is suitable only for investors who are aware of the risks inherent in the real estate industry and who have the ability and willingness to accept the risk of loss of their invested capital and who have no immediate need for liquidity.

The Fund advises that prospective investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing Shares in order to determine the appropriateness of this investment in relation to their financial and investment objectives and in relation to the tax consequences of any such investment.

In addition to the factors set forth elsewhere in this Offering Memorandum, prospective investors should consider the following risks before purchasing Shares. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the Fund's business, and/or the return to the investors.

8.1 ***Investment Risk –*** Risks that are specific to the Shares being offered under this Offering include the following:

1. **No Market for Shares –** There is no market through which Shares may be sold and the Fund does not expect that any market will develop pursuant to this Offering or in the future. The Shares are subject to resale restrictions under applicable securities legislation. See Item 10, Resale Restrictions,regardingresale restrictions applicable to the Shares.

2. **Retraction Liquidity –** The Shares are retractable, meaning that Investors have the right to require the Fund to redeem them, upon appropriate advance notice from the investor to The Fund. The retraction timings are measured from the date on which the Investor is issued the Shares to the date on which the Investor is entitled to call for their redemption by the Fund. **If the Investor does not provide the Fund with the appropriate notice of retraction, the right of retraction is suspended until an additional time period has elapsed.** See Item 5.1, Terms of Securities. Retraction and redemption of the Shares are subject to the Fund maintaining its status as a MIC as defined by the Tax Act, all as determined solely by the Mortgage Manager. Accordingly this investment may be unsuitable for those prospective Investors who require greater liquidity.

3. **Absence of Management Rights –** The Shares being sold under this Offering do not carry voting rights, and consequently an investor's investment in Shares does not carry with it any right to take part in the control or management of the Fund's business, including the election of directors. In assessing the risks and rewards of an investment in Shares, potential investors should appreciate that they are relying solely on the good faith, judgment and ability of the directors, officers and employees of the Fund and the Mortgage Manager to make appropriate decisions with respect to the management of the Fund, and that they will be bound by the decisions of the Fund's directors, and the Mortgage Manager's directors, officers and employees. It would be inappropriate for investors unwilling to rely on these individuals to this extent to purchase Shares.

4. **Lack of Separate Legal Counsel –** The investors, as a group, have not been represented by separate counsel. Neither counsel for the Fund nor counsel for the Mortgage Banker or Mortgage Manager purport to have acted for the Investors nor to have conducted any investigation or review on their behalf.

8.2 ***Issuer Risk* –** Risks that are specific to the Fund include the following:

1. **MIC Tax Designation –** Under the Fund's articles, the Fund's directors are required to use their best efforts to ensure that the Fund qualifies as a MIC pursuant to the Tax Act. As well, the Fund's Articles of Incorporation grant the directors the discretion to reject any applications for stock dividends or share subscriptions, transfers, redemptions or retractions where in the view of the directors such would not be in the Fund's best interests as a MIC under the Tax Act. As a company qualified as a MIC, the Fund may deduct taxable dividends it pays from its income, and the normal gross-up and dividend tax credit rules will not apply to dividends paid by the Fund on the Shares. Rather, the dividends will be taxable in the hands of shareholders as if they had received an interest payment.

2. **Reliance on the Mortgage Banker –** In accordance with the terms of the Mortgage Servicing Agreement between the Fund and the Mortgage Banker, the Mortgage Banker has significant responsibility for assisting the Fund to conduct its affairs. Any inability of the Mortgage Banker to perform competently or on a timely basis will negatively affect the Fund.

3. **Key Personnel –** The operations of the Fund and the Mortgage Banker are highly dependent upon the continued support and participation of their key personnel. The loss of their services may materially affect the time or the ability of the Fund to implement its business plan. The Mortgage Banker's management team consists of several key personnel. In order to manage The Fund successfully in the future, it may be necessary to further strengthen its management teams. The competition for such key personnel is intense, and there can be no assurance of success in attracting, retaining, or motivating such individuals. Failure in this regard would likely have a material adverse effect on the Fund's business, financial condition, and result of operations.

4. **Conflict of Interest –** Conflicts of Interest exist, and others may arise, between Investors and the directors and officers of the Mortgage Banker and the Fund and their associates and affiliates, as well as the directors and officers of the Mortgage Manager and the Fund and their associates and affiliates.

There is no assurance that any conflicts of interest that may arise will be resolved in a manner most favourable to investors. Persons considering a purchase of Shares pursuant to this Offering must rely on the judgment and good faith of the directors, officers and employees of the Mortgage Manager, the Mortgage Banker, and the Fund in resolving such conflicts of interest as may arise. The Fund and its shareholders are dependant in large part upon the experience and good faith of the Mortgage Banker. The Mortgage Banker is entitled to and does act in a similar capacity for other companies with investment criteria similar to those of the Fund. Notwithstanding this fact, the Mortgage Banker does not anticipate any difficulty in keeping the Fund fully invested in superior-yield mortgages.
Several of the Fund's mortgages may be shared with other investors affiliated or associated with the Mortgage Banker and Mortgage Manager, which parties may include managers, directors or staff of the Fund, the Mortgage Banker and the Mortgage Manager itself.

The Fund's investment position may rank either equally with, in priority to, or subordinate to other members of the syndicate or participating investors.

The Fund acknowledges that the Mortgage Manager, Mortgage Banker, as well as any of its directors, officers, shareholders, employees and affiliates may purchase with their own funds and own as a co-lender a percentage interest in an investment that the Mortgage Banker presents to the Fund for acquisition, and that the Mortgage Banker may also sell undivided percentage interests in any such investment opportunities to other co-lenders.

The Fund also acknowledges that the Mortgage Banker or its affiliates may hold a subordinate position in a mortgage which is presented to the Fund and the rate of return on such subordinated position may vary from the Funds rate of return which variation will be dependent on the Fund's risk position relative to the other investors.

5. **Future Operations and Possible Need for Additional Funds –** Certain uninsurable or uninsured events may also occur which can substantially reduce the ability of the Fund to carry on business in a profitable manner, including natural or man-made disasters.

The Fund anticipates that a substantial portion of the net proceeds of this Offering will be expended by the Fund in investing in residential mortgages, and also anticipates that the net proceeds of the Offering and anticipated cash flow from operating revenues will be sufficient to carry out the Fund's business plan.

8.3 ***Industry Risk* –** There are also risks faced by the Fund because of the industry in which it operates. Real estate investment is subject to significant uncertainties due, among other factors, to uncertain costs of construction, development and financing, uncertainty as to the ability to obtain required licenses, permits and approvals, and fluctuating demand for developed real estate. The anticipated higher returns associated with the Fund's mortgage loans reflect the greater risks involved in making these types of loans as compared to long-term conventional mortgage loans. Inherent in these loans are completion risks as well as financing risks. In addition, prospective investors should take note of the following:

1. **Insurance –** The Fund's mortgage loans will not usually be insured in whole or in part. As well, there are certain inherent risks in the real estate industry, some of which the Fund may not be able to insure against or which the Fund may elect not to insure due to the costs of such insurance. The effect of these factors cannot be accurately predicted.

2. **Priority –** Financial charges for construction and other financing funded by conventional third party lenders may rank in priority to the mortgages registered in favour of the Fund. Although the Fund will have all of the rights of the holder of a subsequent mortgage in this scenario, in the event of default by the mortgagor under any prior financial charge, the Fund may not recover any or all the monies advanced.

3. **Default –** If there is default on a mortgage, it may be necessary for the Fund, 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. In those cases, it is possible that the total amount recovered by the Fund may be less than the total investment, resulting in loss to the Fund. The directors intend to implement a policy of building up a "loan loss reserve" account to absorb such losses but there is not assurance that such losses will not exceed the amount set aside in this account. Equity investment in real property may involve fixed costs in respect of mortgage payments, real estate taxes, and maintenance costs, which could adversely affect the Fund's income.

4. **Yield –** The yields on real estate investments, including mortgages, depend on many factors including economic conditions and prevailing interest rates, the level of risk assumed, conditions in the real estate industry, opportunities for other types of investments, legislation, government regulation and tax laws. The Fund cannot predict the effect that such factors will have on its operations.

5. **Competition –** The earnings of the Fund depend on the Fund's ability, with the assistance of the Mortgage Banker, to locate suitable opportunities for the investment and reinvestment of the Fund's funds and on the yields available from time to time on mortgages and other investments. The investment industry in which the Fund operates is subject to a wide variety of competition from private businesses in Canada and the United States, many of whom have greater financial and technical resources than the Fund. Although such competition, as well as any future competition, may adversely affect the Fund's success in the marketplace, at the present time the Mortgage Banker has no reason to believe that such competition will prevent the Fund from successfully executing its business plan or operating profitably.

6. **Mortgage Renewals** - There can be no assurances that any of the mortgages comprising the mortgage portfolio from time to time can or will be renewed at the same interest rates and terms when the same mature, or in the same amounts as are currently in effect. With respect to each mortgage comprising the mortgage portfolio, it is possible that the mortgagor, the mortgagee, or both will elect not to renew such mortgage. In addition, if the mortgages in the mortgage portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions fo such mortgages will be subject to negotiations between the mortgagors, the mortgagee, and the Mortgage Banker at the time of renewal.

7. **Composition of Mortgage Portfolio** - The composition of the mortgage portfolio may vary widely from time to time and may be concentrated by type of mortgage, industry, or geographic region, resulting in the mortgage portfolio being less diversified than anticipated. A lack of diversification may result in the Fund being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of mortgage, industry or geographic region.

8. **Appraisals** - As a condition of funding all loans, the Fund and the Mortgage Banker will either require the production of an appraisal prepared by an accredited appraiser licensed to prepare appraisals in the province of Ontario, or in the alternative from time to time the Mortgage Manager and Mortgage Banker may rely upon an opinion of value furnished by a reputable realtor who may be equally or better equipped to provide an accurate evaluation of a particular property as a consequence of specialized expertise relating to that particular type of property or with respect to the particular geographic area in which the subject property is located. However preparing appraisals and/or real estate valuations is not an exact science, and there is no guarantee that any such appraiser or realtor relied upon by the Fund will not make an error notwithstanding the experience, training and qualifications of such person. Such errors could result in the value of the underlying security with respect to any investment being less than what the Fund believed it was causing a loss to the Fund.

ITEM 9 REPORTING OBLIGATIONS

9.1 You will receive the following ongoing documentary disclosure if you invest the Fund:

Monthly: With your monthly cheque which will be mailed to you on the 15th of each month (or new share certificate if you choose to reinvest), you will receive an Account Statement showing the total number of Shares outstanding as the 1st of that month; total number of Shares you own; income earned in that month; the amount of your dividend in that period (or new shares if you are reinvesting).

Quarterly: Interim quarterly unaudited financial statements and updated monthly results are posted to the web-site quarterly.

Annually: You will receive the same reports given monthly and quarterly as well as a copy of the **audited statements** for that period when the same are completed.

All of the quarterly statements and the audited statements will also be posted to the web-page as the same are completed.

ITEM 10 RESALE RESTRICTIONS

The Shares you acquire will be subject to a number of resale restrictions, including a restriction on trading. You will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation, as well as obtaining the consent of the directors of the Fund to any proposed transfer.

The issuer is not:

(a) a reporting issuer in any Canadian province or territory, or
(b) a SEDAR filer. Therefore, unless permitted under securities legislation, you cannot trade the securities before the earlier of the date that is 12 months and a day after the date the Fund,

(a) Becomes a reporting issuer in the Canadian province or territory in which you reside, or

(b) First becomes a reporting issuer in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Quebec or Saskatchewan, and a SEDAR filer

The Fund may become a reporting issuer upon completion of this Offering but this is not guaranteed and you should not subscribe under the assumption that it will. The resale restriction on the Shares may therefore never expire.

ITEM 11 PURCHASERS' RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. The following summaries are subject to the express provisions of the Ontario Securities Act and the Regulations and Rules promulgated thereunder. 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 in writing to the Fund by midnight on the 2nd business day after your Subscription Agreement and funds are received by The Mortgage Banker.

PLEASE INSURE YOUR SUBSCRIPTION AGREEMENT AND FUNDS ARE RECEIVED AT THE OFFICE OF THE MORTGAGE

BANKER/FUND ON OR BEFORE THE 25TH OF THE MONTH TO INSURE YOU WILL BE ENTITLED TO RECEIVE A DIVIDEND FOR THE DIVIDEND PERIOD COMMENCING ON THE 1ST OF THE FOLLOWING MONTH.

(b) **Rights of Action in the Event of a Misrepresentation**: If this Offering Memorandum , together with any amendment hereto, 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 in order to make any statement herein not misleading in light of the circumstances in which it was made (referred to herein as a "misrepresentation"), subject to the qualifications set forth below, you have a statutory right of action against the Fund:

(i) to cancel your agreement to buy these securities; or
(ii) sue for damages.

This statutory right of action is available to you whether or not you relied on the misrepresentation if such statement or omission was a misrepresentation at the time of your purchase of these securities. However, in an action for damages, the amount that you may recover will not exceed the price you paid for your securities and will not include all or any part of the damages that the Issuer proves do not represent the depreciation in value of your securities as a result of the misrepresentation. The Fund has a defence if it proves that you purchased the securities with knowledge of the misrepresentation.

If you intend to rely on the rights as described in paragraphs (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement to buy the securities within 180 days of the date upon which you entered into such agreement. You must commence your action for damages no later than the earlier of (1) 180 days after you first received knowledge of the facts giving rise to the cause of action; and (2) three years after the date upon which you entered into the agreement to purchase the securities.

ITEM 12 FINANCIAL STATEMENTS

As of the date hereof, there are no financial statements available.

ITEM 13 DATE AND CERTIFICATE OF THE ISSUER

Dated the 1st day of December, 2009.

This Offering Memorandum does not contain a misrepresentation.

NEW HAVEN MORTGAGE INCOME FUND (1) INC.

David Vyner Jason Vyner President and Director Secretary-Treasurer and Director

STATEMENTS MADE IN THIS OFFERING MEMORANDUM ARE THOSE OF THE ISSUER. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN AS REFERRED TO IN THIS OFFERING MEMORANDUM, AND ANY INFORMATION OR REPRESENTATION NOT REFERRED TO IN THIS

OFFERING MEMORANDUM MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE ISSUER.

SCHEDULE A
NEW HAVEN MORTGAGE INCOME FUND (1) INC.

Subscription Agreement for Residents of Ontario, Saskatchewan, New Brunswick,
Northwest Territories, or Nunavut

NEW HAVEN MORTGAGE INCOME FUND (1) INC. ("The Fund")

c/o New Haven Mortgage Corporation (the "Mortgage Banker") Suite 203 9040 Leslie Street Richmond Hill, Ontario L4B 3M4

Re: Subscription for Class A Preferred Shares

Subscription

Pursuant to the terms and conditions set out in the Term Sheet relating to the offering of non-voting Class A Preferred Shares ("**Shares**") in the capital stock of The Fund, the undersigned (the "**Subscriber**") hereby irrevocably subscribes for _________________ Shares at a subscription price of $1.00 CDN per share and the Subscriber submits herewith a cheque(s) made payable to **New Haven Mortgage Income Fund (1) Inc.** (Please note the minimum investment amount for accredited investors is $25,000.00 and for non-accredited investors the minimum investment amount is $150,000.00. Please see Exhibit A attached hereto for the definition of "accredited investor").

Dividends and Distributions

The Subscriber acknowledges that distributions of the net income earned by The Fund are made monthly. The Subscriber hereby elects as follows with respect to said monthly dividend entitlement.

[ ] applied to the purchase of further Shares; or

[ ] remitted to the Subscriber by cheque.

(please check one)

Initial Initial

Subscriber Representations and Warranties

The Subscriber represents, warrants and acknowledges to and in favour of The Fund, the Mortgage Banker and the Mortgage Manager that as of the date hereof:

1. The Subscriber acknowledges that the sale of the Shares to the Subscriber as contemplated in this agreement (including, without limitation, as to the aggregate purchase amount payable) complies with or is exempt from the applicable securities legislation of the Province of Ontario. The Subscriber hereby indicates on the basis it qualifies:

[ ] The Subscriber is an “accredited investor” and has indicated on Exhibit A to this document under which definition of “accredited investor” the Subscriber qualifies under. The minimum investment amount for “accredited investors” is $25,000.00.

[ ] The Subscriber is not an “accredited investor.” The minimum investment for “non-accredited investors” is $150,000.00.

1. The Shares subscribed for herein are being acquired by the Subscriber (i) as principal for the Subscriber’s own account or (ii) as agent or trustee for an account fully managed by the Subscriber (and in respect of which the Subscriber has due and proper authority to so act as agent or trustee and to enter into this agreement on behalf of such account).

2. The Subscriber acknowledges receipt of a copy of the Offering Memorandum for this offering, and further acknowledges that the decision of the Subscriber (or, if applicable, any other person on whose behalf the Subscriber is contracting) to tender this subscription has not been made as a result of any verbal or written representation as to any fact made by any person made by or on behalf of the Fund, the Mortgage Banker or the Mortgage Manager other than as set out in the said Offering Memorandum.

3. The Subscriber expressly acknowledges that all new investment is rolled into the Fund on the 1^{st} of each month. To be eligible to be rolled into the Fund on the 1^{st} of any particular month, you must insure that this fully completed and executed Agreement, including Exhibit A, as well as a certified cheque or bank draft payable to New Haven Mortgage Income Fund (1) Inc. for the full amount of the subscription price, are received at the said company’s office located at Suite 203 9040 Leslie Street, Richmond Hill, Ontario, L4B 3M4 by the 25^{th} of the prior month (or the last business day before the 25^{th} if the 25^{th} is a holiday). The Subscriber further acknowledges that it may deliver notice to the said company by fax (1-866-784-6385) or email (dvyner@newhavenmortgage.com) at any time before 11:59 p.m. on the 2^{nd}

Initial Initial day following the date the said company receives this completed Agreement and funds requesting the return of the tendered funds, and the same will be returned to the Subscriber without deduction or obligation.

1. The Subscriber further acknowledges that it has the right following the expiration of 180 days from the date the Shares are issued to require the Fund to redeem said Shares on the 1st of the month that falls after the expiration of 120 days of receipt of said notice by the Fund, and that the Mortgage Manager may defer acceptance of a subscription on behalf of the Fund if the directors do not anticipate that the Fund will have sufficient investment opportunities within the next 30 day period to absorb the funds. If the directors do defer acceptance, such funds shall be invested in a CDIC insured investment available to the Mortgage Manager until the money can be rolled into the Fund’s mortgage portfolio, with all interest earned being paid to such investor. If the Mortgage Manager rejects a subscription for any other reason, the subscription funds received will be returned to the Investor, without interest or deduction, along with notification of the rejection.

2. If the Subscriber is an individual, he or she has attained the age of majority and that he or she is a resident of Canada;

3. This Subscription Agreement has been duly authorized, executed and delivered by, and constitutes a valid, binding and enforceable agreement of the Subscriber, and if the Subscriber is other than an individual, the execution of this Agreement has been duly authorized by all necessary action of that entity or organization;

4. the Shares are being offered and sold pursuant to exemptions from the prospectus requirements of applicable securities laws and, consequently, such laws impose various restrictions which affect the transferability of the Shares. The Subscriber acknowledges being advised of this fact prior to execution of this Agreement; and

5. All the representations and warranties of the Subscriber contained herein and all information furnished by the Subscriber to the Fund, the Mortgage Banker or the Mortgage Manager in connection with this transaction are true, correct and complete in all respects. The Subscriber expressly acknowledges that the foregoing representations, warranties, agreements, undertakings and acknowledgements are made by the Subscriber with the intent that they be relied upon by the Mortgage Banker, Mortgage Manager, and the Fund in determining his, her or its suitability as a purchaser of Shares and the Subscriber hereby agrees that such representations, warranties, agreements, undertakings, and acknowledgements are intended to survive the Subscriber's purchases of Shares.

Initial Initial

Indemnity

The Subscriber acknowledges that the Fund, the Mortgage Banker, and the Mortgage Manager, as well as each of the officers and directors thereof, have relied upon the representation of the Subscriber that he, she or it is an "accredited investor" as this term is defined by relevant securities legislation if the Subscriber is investing as such, and hereby agrees to indemnify such persons against any cost, expense or liability incurred should such representation be false.

Applicable Law

This subscription agreement shall be construed in accordance with, and governed in all respects by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, in each case without reference to conflicts of law rules.

Registration

The Subscriber hereby authorizes the Fund to record and register the Shares herein subscribed for on the books and records of the Fund in the name and address indicated below :

(Print Name)

Address:

The subscriber understands that the Mortgage Banker in its sole discretion has the right to reject all or any part of this subscription and that the subscriber will be promptly notified by the Mortgage Banker and, in any event, within two business days of receipt of this subscription agreement by the Mortgage Banker if this subscription will not be fully accepted. In the event that all or part of this subscription is rejected by the Mortgage Banker, all amounts received by the Mortgage Banker from the Subscriber which are not to be accepted will be returned to the subscriber forthwith without interest or deduction.

Initial Initial

Entire Agreement

This subscription agreement contains the entire agreement of the parties hereto relating to the subject matter hereof, and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

IN WITNESS WHEREOF, the Subscriber has executed this subscription agreement this _______day of ___________________, 200__.

Print Name of Subscriber

Print Social Insurance
No. or Corporation Tax
Account No.

By:______________________________ Signature of Subscriber or Authorized Representative

Street Address City Province Postal Code Home Phone Business/Cell Phone

EXHIBIT A

To be an "accredited investor" you must fall within one of the following definitions. Please initial beside the category into which you fall (for individuals, the most common categories are defined at para.'s 10. - net worth greater than $1,000,000; 11. - income of more than $200,000.00 in last two years and reasonable expectation of same in current year).

1. a Canadian financial institution, or a Schedule III bank,

2. the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Statutes of Canada, 1995, c. 28),

3. a subsidiary of any person referred to in paragraphs *a* or *b*, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary,

4. a person registered under the securities legislation of a jurisdiction of Canada as an advisor or dealer, other than a person registered solely as a limited market dealer under one or both of the Securities Act (R.S.N.L. 1990, c. S-13) of Newfoundland and Labrador,

5. an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph *d*,

6. the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada,

7. a municipality, public board or commission in Canada and a metropolitan community, school board, the Comite de gestion de la taxe scolaire de l'ile de Monteal or an intermunicipal management board in Quebec;

8. any national, federal, state, provincial, territorial or municipal government or in any foreign jurisdiction, or any agency of that government,

9. a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada,

10. an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000.00;

11. an individual whose net income before taxes exceeded $200,000.00 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000.00 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year, *12.* an individual who, either alone or with a spouse, has net assets of at least $5,000,000.00;

13. a person, other than an individual or investment fund, that has net assets of at least $5,000,000.00 as shown on its most recently prepared financial statements,
14. an investment fund that distributes or has distributed its securities only to,

i. a person that is or was an accredited investor at the time of the distribution,

2. a person that previously acquired securities as an non-accredited investor by investing at $150,000.00;

15. an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Quebec, the securities regulatory authority, has issued a receipt,

16. a trust company or trust corporation registered or authorized to carry on business under the Trust and loan Companies Act (Statutes of Canada, 1991, c. 45) or under comparable legislation in a jurisdiction of Canada or foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be,
17. a person acting on behalf of a fully managed account managed by that person, if that person,

i. is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation or a jurisdiction of Canada or a foreign jurisdiction, and

ii. in Ontario, is purchasing a security that is not a security of an investment fund;

18. a registered charity under the Income Tax Act (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded,

19. an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs *a* to *d* or in paragraph *i* in form and function,

20. a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors,

21. an investment fund that is advised by a person registered as an advisor or a person that is exempt from registration as an advisor, or

22. a person that is recognized or designated by the securities regulatory authority, or, except in Ontario and Quebec, the regulator as,
i. an accredited investor, or
ii. an exempt purchaser in Alberta or British Columbia after this Regulation comes into force.

The undersigned certifies that the initialled category of accredited investor above applies to the undersigned.

Signature of Purchaser Name (please print) Date

Signature of Purchaser Name (please print) Date