

MANDATE NATIONAL MORTGAGE CORPORATION

OFFERING MEMORANDUM

Dated: March 1, 2010

The Issuer

Name: Mandate National Mortgage Corporation (the "Corporation")
Head Office: #505 – 1195 West Broadway Phone #: (604) 731-2899; Toll free: 1-866-432-4949
Vancouver, British Columbia, V6H 3X5 Fax #: (604) 734-5546
Email: mandatenational@telus.net
Website: www.mandatemortgage.com

Currently listed or quoted? No. **"These securities do not trade on any exchange or market".**

Reporting issuer? Yes. British Columbia and Alberta.

SEDAR filer? Yes.

The Offering

Securities Offered: 500,000 Retractable Redeemable Preferred Shares (the "Preferred Shares").

Price Per Security: \$10.00 per Preferred Share.

Minimum/Maximum Offering: A minimum of \$0.00 and a maximum of \$5,000,000. **You may be the only purchaser. Funds available under this offering may not be sufficient to accomplish our proposed objectives.**

Minimum Subscription Amount per Subscriber: \$5,000.00

Payment Terms: Bank draft, wire transfer or certified cheque.

Proposed Closing Date(s): The Preferred Shares are offered on a continuous basis from February 23, 2010 to June 30, 2010 unless extended by the Corporation.

Tax Consequences: There are important tax consequences to these securities. See Item 6.

Selling Agent(s): Yes. See Items 5 and 7.

Technical terms

For an explanation of technical and capitalized terms used in this Offering Memorandum, please see Appendix A – Glossary.

Resale restrictions

You will be restricted from selling your securities for four (4) months and a day from the date of distribution. The securities however, are also redeemable. See Item 10.

Purchaser's rights

You have 2 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 the agreement. See Item 11.

This Offering Memorandum constitutes an offering of these securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale and therein only by persons authorized to sell such securities. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or a public offering.

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.

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ITEM 1 USE OF AVAILABLE FUNDS

1.1 Funds

		Assuming Minimum Offering	Assuming Maximum Offering
A.	Amount to be raised by this Offering	\$0	\$5,000,000
B.	Selling commissions and fees	\$0	\$0 ⁽¹⁾
C.	Estimated Offering costs (e.g., legal, accounting, audit)	\$20,000	\$20,000
D.	Net proceeds: D=A – (B & C)	(\$20,000)	\$4,980,000
E.	Additional sources of funding required	\$0	\$0
F.	Working capital deficiency	\$0	\$0
G.	Total: G = (D+E) - F	(\$20,000)	\$4,980,000

(1) Assumes election to have the Manager pay trailer fees, and no front-end commission. See Item 7.

1.2 Use of Available Funds

Description of intended use of available funds in order of Priority	Assuming Minimum Offering	Assuming Maximum Offering
Investing in residential and commercial mortgages	\$0	\$4,731,000
Unallocated working capital/liquidity @ 5% of mortgage assets	\$0	\$ 249,000
TOTAL	\$0	\$4,980,000

1.3 Reallocation

The Issuer intends to spend the available funds as stated. The Corporation will not reallocate funds.

1.4 Working Capital Deficiency

The Corporation had positive working capital as at December 31, 2009 of \$6,991,382.00.

ITEM 2 BUSINESS OF MANDATE NATIONAL MORTGAGE CORPORATION

2.1 Structure

Mandate National Mortgage Corporation (the “Corporation”) was incorporated under the *Trust and Loan Companies Act* (Canada) by letters patent dated February 7, 1979 under the name Stanmor Mortgage Corporation. On July 8, 1983 the Corporation changed its name to Morgan Mortgage Corporation. On August 7, 1989 the Corporation changed its name to Mandate National Mortgage Corporation and completed a merger with its predecessor, Mandate Mortgage Investment Corporation. On January 25, 1999, the Corporation continued under the Canada Business Corporations Act (the “CBCA”). The head office of the Corporation is located at

Suite 505 – 1195 West Broadway, Vancouver, British Columbia, V6H 3X5. The registered office of the Corporation is located at 2900 – 550 Burrard Street, Vancouver, British Columbia V6C 0A3.

The Corporation is registered extra-provincially in British Columbia and Alberta.

2.2 *Our Business*

The Corporation operates as a mortgage investment corporation under the Tax Act. Its business is to obtain a stable source of income by investing in a portfolio of mortgages. Subject to certain limitations set out in the Tax Act, the Corporation is entitled to employ leverage by issuing debt obligations up to a maximum of five times the cost amount of its assets in excess of its liabilities. As a mortgage investment corporation, the Corporation is generally entitled to deduct from its income all dividends that it pays to its shareholders. The Corporation intends to distribute all of its net income and net realized capital gains quarterly as dividends and consequently does not expect to incur any material liability for income tax. **The Corporation has paid a quarterly dividend to the holders of its Preferred Shares every quarter since 1983.**

Mortgage Portfolio

The Corporation's assets consist principally of mortgages and short term instruments. The following table summarizes the types of mortgages owned by the Corporation as at June 30, 2009.

Number and dollar amount of mortgages:

	Number	Amount
First Mortgages	18	<u>\$4,680,877</u>
Second Mortgages	6	<u>\$1,298,583</u>
Total	24	<u>\$5,979,460</u>

Number and dollar amount of mortgages classified by geographical location of the underlying security:

	Number	Amount
British Columbia	24	<u>\$6,838,581</u>

Other details:

	Number	Amount
Mortgages 90 days + in Arrears	5	\$1,400,000
Provision for Bad Debt		\$125,548

The Corporation invests primarily in floating rate mortgages. The Corporation had no fixed rate mortgages as at December 31, 2009. The Corporation fixes a "floor" rate of interest when placing a floating rate mortgage below which the rate cannot fall. This floor rate will vary based on the creditworthiness of the borrower and the strength of the Corporation's security.

Portfolio Development

Utilizing the services of Mandate Management Corporation (the “Manager”), the Corporation intends to develop its mortgage portfolio through the following activities:

Agency Origination – The Manager may authorize qualified intermediaries to process mortgage applications on behalf of the Corporation within predetermined criteria consistent with the Corporation’s investment policies.

These intermediaries will be experienced Mortgage lenders who have demonstrated their ability to supply mortgage loans within the parameters of the Corporation’s lending criteria; and

Direct Origination – The Manager currently provides direct origination facilities in Vancouver, British Columbia, in order to supply the Corporation with mortgage investment opportunities. Using these facilities, the Manager originates mortgages through direct negotiations with borrowers such as home purchasers, home owners, home builders, industrial and commercial developers and mortgage brokers on behalf of the borrowers.

Principal Investments

The Corporation’s principal investments are residential mortgages on property in British Columbia. such as single family dwellings, duplexes, townhouses, condominium units or multiple family dwellings such as apartment buildings. These residential mortgages are in the following categories:

Conventional Mortgages – residential mortgages which do not exceed 75% of the appraised value of the property, have a term of up to one year, have a fixed rate of interest, have an amortized period which is usually between 15 and 25 years, and are normally renewed periodically at then prevailing interest rates.

Floating Rate Residential Mortgages – residential mortgages which do not exceed 75% of the appraised value of the property, and may provide for interest only payments or interest plus principal repayments. These residential mortgages are drawn generally for a term of one year, and may be renewed. The interest rate charged on these residential mortgages is normally the prime rate of interest of a Canadian chartered bank plus a certain percentage.

The Corporation also invests in mortgages on industrial or commercial property in British Columbia which may qualify as conventional mortgages.

Expenses and Management Fees

In consideration for the services provided by the Manager and provided that the Corporation’s shareholders receive a minimum annual return on their investment in the Corporation equal to the Royal Bank of Canada prime lending rate plus 2% per annum, the Corporation will pay the Manager an annual management fee equal to 2% of mortgages receivable and cash, at each fiscal year end of up to \$25,000,000 and 1.5% on the balance with respect to that fiscal year (the “Management Fee”). The Management Fee is payable quarterly in arrears.

Within 45 days after each quarter, the Manager prepares and delivers to the Corporation an estimate of the Management Fee based on the operations of the Corporation for the preceding quarter. The Corporation, within 7 days of receipt of the estimate, pays the Manager the quarterly payment set out in the estimate.

In addition to the Management Fee, the Corporation pays for all expenses incurred by the Manager in performing its duties as Manager. These include fees and expenses of the Corporation’s directors and officers, the cost of acquisition of mortgages, appraisal fees, foreclosure costs, any commission or brokerage fees on the purchase and sale of mortgage, taxes of all kinds to which the Corporation is subject, interest expense, auditors’ fees, legal fees, transfer agent fees, the cost of providing financial reports and other information to shareholders and regulators, photocopying, land title search, credit bureau reports, printing costs, survey certificates, postage, long distance

telephone charges, accounting fees, real estate commissions, rent for office space of the Corporation, advertisements, promotions and insurance premiums.

Notwithstanding the above, costs relating to individual mortgage files are recoverable from the Borrowers.

Investment and Lending Policies

The Corporation's investment and lending policies are as follows:

- at least two-thirds of the assets of the Corporation must be invested in residential mortgages or held in cash or deposits with approved depositories;
- up to 20% of the Corporation's assets may be invested in industrial and commercial mortgages;
- no more than 30% of the Corporation's assets may be invested in second mortgages. At least 70% of the Corporation's assets must be invested in first mortgages;
- mortgage investments will be made primarily in Greater Vancouver and Victoria, British Columbia; however, to the extent practicable, investments of the Corporation may be diversified with respect to geographic locations within B. C. and Alberta;
- the Corporation will invest primarily in mortgages with a term of one year but will attempt to stagger the maturities of the mortgages in order to produce an orderly turnover of assets and liabilities;
- no single investment or related group of investments involving one property or development, or involving several properties or developments owned by one borrower and/or its affiliates, will exceed \$600,000, but this restriction will not apply to obligations of Canadian municipal, provincial and federal governments and government agencies;
- the Corporation will not invest in mortgages if such mortgages exceed 75% of the appraised value of the underlying property, unless the mortgages are insured; and
- the Corporation will obtain a current appraisal with every mortgage application, such appraisal to be prepared by a member of the Appraisal Institute of Canada. The Corporation's Credit Committee (see Item 3) may waive the appraisal requirement in the event the loan to value ratio is less than 50% as supported by a current property assessment notice.

2.3 *Development of Business*

The Corporation has been in the mortgage lending business for 27 years. In recent years, its mortgage assets under administration have ranged from a low of \$5,124,603 to a high of \$10,515,051. Its average annual dividend rate, as a percentage of paid-up capital has been 8.03% since 1993. The Corporation has consistently produced stable returns to shareholders above both short and long term bank interest rates. Loan loss experience has averaged less than 1.0% per year of mortgage assets under administration over the last five years. Major factors that influence the Corporation's development are the demand for housing, competition from traditional lenders and the quality of its mortgage loans.

2.4 *Long Term Objectives*

The Corporation's long term objectives are to grow its capital and continue to provide its shareholders with above average returns on investment.

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

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

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

2.6 **Insufficient Proceeds**

Not applicable

2.7 **Material Agreements**

The following are the material contracts entered into by the Corporation:

Loan Agreement with Canadian Western Bank

The loan is a demand operating loan for up to \$3,000,000 payable on demand with interest at the prime rate of Canadian Western Bank plus 1.0% per annum. The loan is reviewed/renewed annually.

The loan is secured by a charge on the entire undertaking and assets of the Corporation.

Mortgage Administration & Brokerage Agreement

By an agreement dated March 1, 2007 (the "Management Agreement"), the Corporation retained the Manager, under the supervision of the directors of the Corporation, to manage the operations of the Corporation. The Manager is responsible, among other things, for:

- Originating and administering mortgages;
- Providing financial and related services for the Corporation including originating and administering debt obligations of the Corporation; and
- Providing administrative services required by the Corporation in carrying on its business under the CBCA and the Tax Act.

The Manager must carry out its duties fairly, honestly and in the best interests of the Corporation and must exercise the degree of care, diligence and skill that a reasonably prudent institutional lender would exercise in comparable circumstances. The Manager is not liable to the Corporation for any loss caused by the Manager in carrying out its duties under the Management Agreement unless the loss resulted from the negligence, wilful misconduct or dishonesty of the Manager, its officers, employees or agents in the performance of its duties. Furthermore, the Corporation has agreed to indemnify and save the Manager harmless in the event that the Manager suffers a loss of any nature whatsoever in connection with the performance of its duties under the Management Agreement except where such loss resulted from the negligence, wilful misconduct or dishonesty of the Manager or its officers, employees or agents.

The Management Agreement has an indefinite term. However, commencing in 2007, and in every third year thereafter, if by January 15th of such year, the holders of not less than 70% of the then issued and outstanding Common Shares give written notice to the Corporation that at the next annual general meeting of the holders of the Common Shares, the said holders wish to consider termination of the Management Agreement, then such matter will be voted on at the next annual general meeting.

If at least 80% of the issued and outstanding Common Shares are voted in favour of termination, the Management Agreement can be terminated by the Corporation 60 days after the annual general meeting at which termination was approved, as long as a termination fee is paid to the Manager by the Corporation. The termination fee is an amount equal to the Management Fee paid or payable to the Manager by the Corporation for services rendered in the fiscal year immediately preceding the year the annual general meeting at which the Management Agreement was terminated was held.

In addition to the circumstances described above, the Management Agreement may be terminated by the Corporation if:

- Proceedings in insolvency, bankruptcy, receivership or liquidation are taken against the Manager;
- The Manager makes an assignment for the benefit of its creditors or commits any act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act (Canada).
- The Manager assigns the Management Agreement or any rights thereunder without the prior consent of the Corporation;
- The Manager commits a breach or default under the Management Agreement and the same is not cured within 90 days of receiving notice thereof; and
- The Corporation fails to pay dividends for any two consecutive fiscal years or pays dividends in any two consecutive fiscal years at less than the Minimum Acceptable Rate (the Royal Bank of Canada prime lending rate plus 2.0% per annum as determined from time to time) for the corresponding period, and the Independent Directors unanimously approve a resolution to terminate the Management Agreement.

The Management Agreement may be terminated by the Manager if:

- Proceedings in insolvency, bankruptcy, receivership or liquidation are taken against the Corporation;
- The Corporation makes an assignment for the benefit of its creditors or commits any act of bankruptcy within the meaning of the Bankruptcy and Insolvency Act (Canada); and
- The Manager gives the Corporation one year's notice of intention to terminate the Management Agreement.

The Management Agreement may also be terminated by mutual consent in writing of the Corporation and the Manager.

ITEM 3 INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by the Corporation 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 Corporation held after completion of minimum offering ⁽¹⁾	Number, type and percentage of securities of the Corporation held after completion of maximum offering ⁽¹⁾
Alan E.R. Long Vancouver, B.C.	Chairman, President & Chief Executive Officer. Director since August 1989	Nil	11,527 Common Shares 2.59%	11,527 Common Shares 2.59%
John R. LaVan West Vancouver, B.C.	Director since July 1995	2009 \$1,000 2010 \$1,450	545 Preferred Shares .13%	545 Preferred Shares .13%
Douglas Wark Vancouver, B.C.	Director since June 2004	2009 \$2,700 2010 \$2,700	Nil	Nil
Andrew McLaren North Vancouver, B. C.	Director since August 1989	2009 \$ 0 2010 500	Nil	Nil
Peter Chappell, C.A. Port Moody, B. C.	February 2009	2009 \$1,000 2010 \$1,450	Nil	Nil

No one owns more than 10% of the voting securities of the Corporation.

(1) The information as to securities beneficially owned as at the date hereof has been furnished by the respective directors and officers.

Executive Committees

The Corporation’s directors have established three executive committees whose duties are to oversee certain aspects of the Corporation’s operations.

Audit Committee

The Corporation has established an Audit Committee consisting of Peter Chappell C.A., Jack LaVan, Douglas Wark, and consultant Larry Hanson, C.A. to:

- review the quarterly internal and annual audited financial statements of the Corporation before they are approved by the directors;
- ensure that appropriate internal control procedures are in place;
- review such investments and transactions that could adversely affect the Corporation that the auditor or any officer of the Corporation may bring to the attention of the Audit Committee;

- meet with the auditor to discuss the annual audited financial statements and the returns and transactions referred to therein; and
- meet with the chief internal auditor of the Corporation or any officer or employee of the Corporation acting in a similar capacity and with management of the Corporation to discuss the effectiveness of internal control procedures established for the Corporation.

Conduct Review Committee

The Corporation has a Conduct Review Committee consisting of Jack LaVan, Peter Chappell C.A. and Douglas Wark whose duties are:

- to establish procedures for the review of transactions with related parties of the Corporation;
- review all proposed transactions with related parties of the Corporation; and
- review the practices of the Corporation to ensure that any transactions with related parties of the Corporation that may have material effect on the stability or solvency of the Corporation are identified.

Credit Committee

The Corporation has a Credit Committee consisting of directors Alan Long, Douglas Wark and non-director Ronald Farrington. The duties of the Credit Committee are:

- to establish investment and lending policies, standards and procedures to which the Corporation must adhere that a reasonable and prudent person would apply in respect of a portfolio of investments and loans to avoid undue risk of loss and obtain a reasonable return; and
- to approve all mortgages granted by the Corporation.

3.2 Management Experience

The principal occupations during the last five years and any relevant experience of each director and officer of the Corporation is set out below:

Name	Principal occupation and related experience
Alan E.R. Long	President of the Corporation and its predecessor, 1983 to present; President, Mandate Management Corporation, September 1985 to present;
John R. LaVan	Barrister & Solicitor, LaVan & Company, May 1981 to present.
Douglas Wark	Vice President, Vancouver Pacific Development Corporation 2000 to present; Chief Financial Officer and Director, Schroeder Properties Ltd., 1995 to 2000. Prior to this, was involved for a number of years in the banking industry.
Andrew McLaren	President, Clarion Property Corp., October 1978 to present; real estate development and property management.
Peter Chappell, C.A.	Chief Operating Officer, Narland Management Ltd.; 1993 to Present, Real estate development, investment and property management company.

The Manager

The Manager was incorporated under the laws of the Province of British Columbia on September 8, 1985. The name, municipality of residence and principal occupations of the directors and officers of the Manager within the preceding five years are as follows:

Name and Municipality of Residence	Office	Principal Occupation
Alan E.R. Long Vancouver, B.C.	President and Director	President of the Corporation and its predecessor, Director 1983 to present; President, Mandate Management Corporation, September 1985 to present.
Alan J.H. Raffan, C.A. Langley, B.C.	Director and Secretary	Chief Financial Officer, Harbour Marine Products Inc., April 2008 to present, Chief Financial Officer, 4 Refuel Canada Ltd., October 2004 to January 2008, Chief Financial Officer, Poets Cove Resort and Spa; September 2003 to Oct 2004;

The voting securities of the Manager are owned as to 16% by Alan Long, a director of the Corporation and 84% by Monitor Management Ltd. a Company controlled by Alan Long.

3.3 *Penalties, Sanctions and Bankruptcy*

No director, officer or person holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has, in the last 10 years:

- (a) been subject to any penalties or sanctions imposed by a court or by a regulatory authority;
- (b) been a director, senior officer or control person of any issuer that has been subject to any penalties or sanctions imposed by a court or by a regulatory authority while the director, officer or control person was a director, officer or control person of such issuer (except only for a cease trade order issued against the Corporation by the British Columbia Securities Commission on June 11, 2003, for failure to file the Corporation's March 31, 2003, interim financial statements by May 29, 2003. This cease trade order was revoked on June 12, 2003);
- (c) made any declaration of bankruptcy, voluntary assignment in bankruptcy or proposal under bankruptcy or insolvency legislation or been subject to any proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver-manager or trustee to hold assets; or
- (d) been a director, senior officer or control person of any issuer that has made any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under bankruptcy or insolvency legislation, or been subject to any proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver-manager or trustee to hold assets while the director, officer or control person was a director, officer or control person of such issuer.

3.4 *Loans*

The Corporation does not have any loans to or from the directors or Manager.

ITEM 4 CAPITAL STRUCTURE

4.1 *Share Capital*

Description of Security	Number authorized to be issued	Price Per Security	Number outstanding as at December 31, 2009	Number outstanding after minimum offering	Number outstanding after maximum offering
Common Shares	10,000,000	\$ 9.255	444,795	444,795	444,795
Preferred Shares	10,000,000	\$10.00	<u>400,908</u>	<u>400,908</u>	<u>900,908</u>

4.2 *Long Term Debt*

The Corporation has no long term debt.

4.3 *Prior Sales*

The following table sets out information with respect to any other Preferred shares which have been issued by the Corporation within the last 12 months:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
January 1 – December 31, 2009	Preferred Shares without per value	107,030	\$10.00	\$1,070,300

ITEM 5 SECURITIES OFFERED

5.1 *Terms of Securities*

Voting Rights

At all meetings of shareholders of the Corporation, the holders of the Common Shares are entitled to one vote in respect of each Common Share held. The holders of Preferred Shares are not entitled to vote at any meetings of the holders of the Corporation except for separate class meetings of the holders of Preferred Shares. If however, the Corporation fails to earn profits available for the payment of dividends for a period of five consecutive fiscal quarters, then from 90 days after the fiscal year end in which such failure occurs, the holders of the Preferred Shares will have the same voting rights for each Preferred Share as the holders of the Common Shares, shall be entitled to the same notice of shareholders' meetings and shall be entitled to attend and to vote at all meetings of the shareholders.

Dividend Entitlement

Other than in the event of a Liquidation, Dissolution or Wind up of the Corporation, the holders of the Common Shares and the Preferred Shares are entitled to receive at the same amount per share, whether Preferred or Common according to the amount paid up thereon quarterly as declared by the directors of the Corporation, all of the profits of the Corporation available for the payment of dividends.

Retraction and Redemption Rights

The special rights and restrictions attached to the Preferred Shares provide that the Corporation may redeem all or any part of the Preferred Shares outstanding either by invitation for tenders addressed to all the holders of record of the Preferred Shares outstanding or by private contract at the lowest price at which the Directors feel the Preferred Shares are obtainable.

A holder of Preferred Shares may, by giving written notice to the Corporation, at its registered office, request that the Corporation redeem the whole or any part of the Preferred Shares held by such holder. The notice period is six (6) months and the Corporation is, unless it would be contrary to law to do so, required to redeem the Preferred Shares specified in the notice of the last day of the first fiscal quarter ending after the six month notice period has elapsed. The redemption price for each Preferred share will be the amount paid up thereon plus any declared but unpaid dividends to which the holder is entitled.

Conversion Privilege for Preferred Shares

The holders of Preferred Shares are entitled to convert them into Common Shares on a one for one basis. Any Preferred Shares so converted will be returned to the Corporation's treasury for cancellation and the authorized and issued capital reduced accordingly. The right of conversion is exercisable on 30 days written notice to the Corporation.

Entitlement on Liquidation, Dissolution of Winding Up

In the event of a reduction or redemption of the capital stock or liquidation, dissolution or winding-up of the Corporation or other distribution or property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs:

- (a) the holders of the Preferred Shares shall be entitled to receive ratably an amount equal to the aggregate amount paid up on the shares held by them respectively. After the holders of the Preferred Shares have received the aggregate amount paid up on the shares held by them respectively, the holders of the Common Shares shall be entitled to receive an amount equal to the aggregate amount paid up on the shares held by them respectively.
- (b) After the Corporation has made the distribution contemplated by paragraph (a), the holders of the Preferred Shares and the Common Shares shall be entitled to receive a share of the remaining amount available for distribution. The aggregate amount distributable to all holders of such classes of shares shall be determined by multiplying the amount remaining to be distributed by a fraction the numerator of which is the amount paid up on issued shares of the particular class and the denominator of which is the amount paid upon the issued shares of both classes prior to the distribution pursuant to paragraph (a);
- (c) Any amount to be distributed to holders of any class of shares pursuant to paragraphs (a) and (b) shall be distributed *pari passu* among all holders of shares of that class.

Dividend Policy

The Corporation distributes as dividends, within 90 days of its fiscal year-end, all of its net income and all of its net realized capital gains, if any, to the holders of the Common Shares and the Preferred Shares. Dividends are declared and paid quarterly in such amounts as may be determined by the Directors. With respect to the first three quarters of the fiscal year, dividends will normally be paid within 45 days of the end of the quarter to which the dividend relates. The year end dividend is normally paid within 15 days after completion of the annual audit. The Corporation has paid dividends in the last five completed fiscal years as follows:

Fiscal Period	Per Share	Yield	Total
2009	\$.87	8.68%	\$714,761
2008	\$.99	9.90%	\$754,203
2007	\$.95	9.66%	\$703,300
2006	\$.88	9.10%	\$643,240
2005	\$.80	8.00%	\$604,024

It is the Corporation's policy to pay all dividends in cash or in additional Preferred Shares, at the election of each shareholder. Dividends payable on the Preferred Shares, if paid in Preferred Shares, will be paid in Preferred Shares. Preferred Shares issued as dividends on Preferred Shares will be issued at \$10.00 per Preferred Share. No fractional Preferred Shares will be issued but any balance will be paid in cash. Shareholders acquiring Preferred Shares of the Corporation may advise the Corporation as to whether they wish to have their dividends paid in cash or in additional Preferred Shares. If no such notice is given by a shareholder, dividends payable to that shareholder will be paid in additional Preferred Shares.

The by-laws of the Corporation provide that the directors of the Corporation may, in their discretion, elect to pay dividends in cash, in Preferred Shares or partly in cash and partly in Preferred Shares; however, this power is available for the sole purpose of allowing the Directors to fulfil the dividend requirements of each shareholder.

In January 1997, the Corporation established a dividend re-investment plan ("DRIP") under which holders of Preferred Shares may direct that dividends received in cash will be used to purchase additional Preferred Shares at \$10.00 per share. The DRIP is completely voluntary and shareholders may elect to participate therein at any time and may withdraw therefrom at any time.

Constraints on Transferability

Paragraph 130.1 (6) (d) of the Tax Act stipulates that a mortgage investment corporation may not have fewer than 20 shareholders and no one shareholder may be a Specified Shareholder, as such term is defined in the Tax Act, of the Corporation. A Specified Shareholder is one who directly or indirectly holds more than 25% of the issued shares of any class of the capital stock of the Corporation. For the purposes of determining the number of shareholders of a mortgage investment corporation, a trust governed by a registered pension plan or a deferred profit sharing plan is counted as four shareholders for purposes of determining the number of shareholders, and one shareholder for purposes of determining if a shareholder is a Specified Shareholder. A trust governed by an RRSP is counted as one shareholder for both such purposes. The directors of the Corporation are empowered to refuse a registration of an allotment or transfer of shares of the Corporation which would cause the Corporation to cease to qualify as a mortgage investment corporation as defined in the Tax Act. The directors of the Corporation may make reasonable regulations from time to time with regard to the furnishing of statutory declarations or providing of such evidence as may be required to establish compliance with this restriction.

5.2 *Subscription Procedure*

The Corporation is offering (the “Offering”) to residents of British Columbia and Alberta up to 500,000 Preferred Shares at \$10.00 per Preferred Share (the “Subscription Price”). The Offering is made on a continuous and best efforts basis by the Corporation and by registered dealers and financial planners (“Dealers”) commencing on March 1, 2010 and ending on June 30, 2010, unless extended by the Corporation (the “Offering Period”). One or more closings will occur (each a “Closing”) during the Offering Period on a date or dates established by the Corporation. All subscriptions received are subject to rejection or acceptance in whole or in part by the Corporation and the right is reserved to close the Offering at any time without notice. The Corporation is not obligated to accept any subscriptions. Subscriptions which are rejected will be returned without interest or deductions.

Persons wishing to subscribe for Preferred Shares must purchase a minimum of \$5,000.00, or 500 Preferred Shares, and deliver to the Corporation an executed Subscription Agreement in the form accompanying this Offering Memorandum, together with immediately available funds in the form of a bank draft or like instrument or certified cheque payable to the Corporation in the aggregate amount of the Subscription Price multiplied by the number of Preferred Shares subscribed for. The Corporation is under no obligation to accept any subscription and may decline any subscription without giving any reason. If the Corporation rejects any subscription, the relevant Subscription Agreement will be returned forthwith to the subscriber together with the payment received by the Corporation in respect of the relevant subscription without deduction or interest. The Corporation may close the subscription books for this Offering at any time without notice whether or not the maximum issue offered hereunder, has been subscribed for.

No interest will be payable to a subscriber for monies received pursuant to this Offering. All subscription proceeds received by the Corporation will be held in trust for you until midnight on the second business day after your subscription is received. During this period, you may cancel your subscription for any reason. If required, certificates can be made available for delivery within ten (10) days after a Closing.

This Offering is not subject to any minimum aggregate subscription level and therefore, any funds received from a subscriber are available to the Corporation and need not be refunded to the subscriber.

ITEM 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

6.1 *Consult your own Professional Advisors*

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

6.2 *Summary of Income Tax Consequences*

In the opinion of the Manager the following is a summary of the principal Canadian federal income tax consequences of acquiring, holding and disposing of the Preferred Shares by a subscriber who, at all relevant times, is a resident of Canada, deals at arm’s length, and is not affiliated, with the Corporation, and who acquires and holds the Preferred Shares as capital property, all within the meaning of the Tax Act (a “holder”). Generally, the Preferred Shares will be considered capital property to a holder provided such holder does not hold the Preferred Shares in the course of carrying on business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Holders who may not hold the Preferred Shares as capital property can elect, in certain circumstances, to have such property treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to any holder of Preferred Shares which is a “financial institution”, as defined in section 142.2 of the Tax Act or to any holder of Preferred Shares an interest in which is a “tax Shelter investment” for the purposes of the Tax Act.

This summary is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act and the regulations thereunder, and any specific proposals (the “Tax Proposal”) to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and the current published administrative practices of the Canada Revenue Agency (“CRA”). This summary assumes that any Tax Proposal will be enacted as currently proposed but does not take into account or anticipate any other changes in law whether by legislative, governmental or judicial action and does not take into account tax legislation or considerations of any province, territory or foreign jurisdiction.

The summary contained in this section is of a general nature only and is not exhaustive of all possible Canadian federal income tax consequences. This summary is not intended to be and should not be interpreted as legal or tax advice to any particular holder. Holders should consult with their own tax advisor regarding the income tax consequences of acquiring, holding and disposing of the Preferred Shares including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

This summary is based on the assumption that the Corporation meets certain conditions which are imposed by the Tax Act to qualify as a “mortgage investment corporation” (“MIC”). These conditions will generally be satisfied if, throughout a taxation year of the Corporation, or, in the Corporation’s first taxation year, at the end of such taxation year:

- (a) the Corporation is a Canadian corporation as defined the Tax Act;
- (b) the Corporation’s only undertaking was the investing of funds and it did not manage or develop any real property;
- (c) no debts were owing to the Corporation by non-residents of Canada, except any such debts that were secured on real property situated in Canada;
- (d) the Corporation did not own shares of capital stock of corporations not resident in Canada;
- (e) the Corporation did not hold real property situated outside of Canada;
- (f) no debts were owing to the Corporation that were secured on real property situated outside of Canada;
- (g) the cost amount of the Corporation’s property consist of mortgages on “houses” or on property included within a “housing project” (as those terms are defined in section 2 of the National Housing Act (Canada), deposits with a bank or other corporations whose deposits are insured by the Canada Deposit Insurance Corporation or a credit union, together with cash on hand (collectively, the “Qualifying Property”), was at least 50% of the cost amount to it of all of its property;
- (h) the cost amount of real property (including leasehold interests therein but excluding real property acquired as a consequence of foreclosure or defaults on a mortgage held by the Corporation) owned by the Corporation did not exceed 25% of the cost amount to it of all of its property;
- (i) the Corporation had 20 or more shareholders and no person would have been a specified shareholder (as such term is described in subsection 130.1(6) of the Tax Act) of the Corporation;
- (j) holders of any Preferred Shares have a right, after payment of their dividends, and payment of dividends in a like amount per share to the holders of Common Shares, to participate *pari passu* with the holders of Common Shares in any further payment of dividends; and

(k) where at any time in the year (or at the end of the year, as the case may be) the cost amount to it of its Qualifying Property was less than $\frac{2}{3}$ of the cost amount to it of all of its property, the Corporation's liabilities did not exceed three times the amount by which the cost amount to it of all of its property exceeded its liabilities, or, where throughout the taxation year (or at the end of the year, as the case may be) the cost amount to it of its Qualifying Property equalled or exceeded $\frac{2}{3}$ of the cost amount of all of its property, the Corporation's liability did not exceed five times the amount by which the cost amount to it of all of its property exceeded its liabilities.

It is intended, and this summary assumes, that these requirements will be satisfied so that the Corporation will qualify as a MIC as all relevant times. If the Corporation were not to qualify as a MIC, the income tax consequences would be materially different from those described below.

Taxation of the Corporation

The Corporation will, in computing its income, generally be entitled to deduct the full amount of all taxable dividends (other than capital gains dividends) which it pays during the year or within 90 days after the end of the year to the extent that such dividends were not deductible by the Corporation in computing its income for the preceding year. In addition, the Corporation may generally declare a capital gains dividend in an amount equal to the gross amount of its capital gains and is entitled to deduct, in computing its income for the year, one-half ($\frac{1}{2}$) of its capital gains dividend paid during the period commencing 91 days after the commencement of the year and ending 90 days after the end of the year. The Corporation intends to pay taxable dividends and capital gains dividends (if any) each year in sufficient amounts to reduce its taxable income to nil.

Taxation of Shareholders

Taxable dividends (other than capital gains dividends) which are paid by the Corporation on the Preferred Shares will be included in the holder's income as interest. The normal gross-up and dividend tax credit rules will not apply to dividends paid by the Corporation to an individual and holders that are corporations will not be entitled to deduct the amount of dividends paid by the Corporation from their taxable income. Capital gains dividends will be treated as a capital gain realized by the holder and will be subject to the general rules relating to the taxation of capital gains described in more detail below.

The cost to a Subscriber of Preferred Shares acquired pursuant to this Offering will equal the purchase price of the Preferred Shares plus the amount of any other reasonable costs incurred in connection therewith. This cost must be averaged with the cost of all other Preferred Shares held by the holder to determine the adjusted cost base of each Preferred Share.

A disposition or a deemed disposition of the Preferred Shares (other than to the Corporation) will result in a holder realizing a capital gain (or capital loss) to the extent that the proceeds of disposition of the Preferred Shares exceed (or are exceeded by) the adjusted cost base of the Preferred Shares and reasonable disposition costs. Amounts paid by the Corporation on the redemption or acquisition by it of the Preferred Shares, up to the paid-up capital thereof, will be treated as proceeds of disposition. Any amount paid by the Corporation on the redemption or acquisition of the Preferred Shares which is in excess of the paid-up capital of the Preferred Shares will be deemed to be a dividend and will generally be included in the income of a holder of the Preferred Shares as interest (and deductible by the Corporation) in accordance with the rules described above.

One-half ($\frac{1}{2}$) of any capital gain realized by a Shareholder (including capital gains deemed to be realized as a result of a receipt of a capital gains dividend) will be included in the holder's income under the Tax Act as a taxable gain. Subject to certain specific rules contained in the Tax Act, one-half ($\frac{1}{2}$) of any capital loss realized in a taxation year may be deducted against any taxable capital gains realized by the holder in the year of disposition. The excess of capital losses over capital gains in the year of disposition may generally be deducted against capital gains in the three preceding taxation years or in any subsequent taxation year, subject to the more specific rules contained in the Tax Act.

Taxable capital gains realized by a holder that is an individual, including certain trusts, may give rise to alternative minimum tax depending upon the holder's circumstances.

A holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including amounts in respect of interest and taxable capital gains. The 6 2/3% tax is to be added to such corporation's refundable dividend tax on hand account and will be eligible for refund at a rate of \$1.00 for every \$3.00 of taxable dividends paid by the corporation.

Eligibility for Investment by Deferred Income Plans

MacKay LLP, Chartered Accountants, confirms that the Preferred Shares will be qualified investments for trusts governed by registered retirement savings plans, registered education savings plans, deferred profit sharing plans or registered retirement income funds (collectively, "Deferred Income Plans") at a particular time if the Corporation qualifies as a MIC under the Tax Act and if throughout the calendar year in which the particular time occurs, the Corporation does not hold as part of its property any indebtedness, whether by way of mortgage or otherwise, of a person who is an annuitant, a beneficiary, an employer or a subscriber, under the relevant Deferred Income Plan or any other person who does not deal at arm's length with that person. Deferred Income Plans will generally not be liable for tax in respect of any dividends received from the Corporation or on any capital gain realized on the disposition of the Preferred Shares or with respect to capital gains dividends.

A Deferred Income Plan is subject to a special tax under Part XI of the Tax Act if the cost amount of its investment in foreign property (as defined in the Tax Act) at the end of a month exceeds a certain percentage of the cost amount of all property then held by it. It is anticipated that the Preferred Shares held by a Deferred Income Plan will not be foreign property for these purposes.

If the Corporation fails to qualify as a MIC at any time throughout a taxation year, the Preferred Shares may cease to be a qualified investment for a Deferred Income Plan. When a Deferred Income Plan holds a non-qualified investment at the end of a month, the trust governed by the plan will be subject to a tax of 1% of the fair market value of the investment at the time it was acquired.

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

An annual service (trailer) fee in the amount of 100 basis points per Preferred Share will be paid in quarterly instalments to the subscriber's Dealer by the Manager. This would amount to \$12,500.00 per quarter if the Maximum Offering is completed. The Manager reserves the right to discontinue payment or to adjust the terms and amount of the trailer fee from time to time.

The trailer fee will be paid only for as long as the subscriber is a shareholder and will be terminated once the Corporation has received notice of redemption by the subscriber.

Further, the trailer fee will only be paid on the original subscription and any increase in further share purchases, pro-rata for the calendar year.

If you acquire Preferred Shares through a registered dealer or sales agent or your financial advisor, then you will be responsible for any additional commissions or fees that may be negotiated between you and the dealer, agent or advisor.

Offering costs of approximately \$20,000 will be paid for by the Corporation.

ITEM 8 RISK FACTORS

In addition to factors set forth elsewhere in this Offering Memorandum, subscribers should carefully consider the following factors, many of which are inherent in the ownership of Preferred Shares. The following is a summary only of the risk factors involved in an investment in the Preferred Shares. Investors should consult with their own professional advisors to assess all of the income tax, legal and other aspects of an investment in the Preferred Shares.

Status as Mortgage Investment Corporation

The ability to maintain the status of the Corporation as a mortgage investment corporation under the Tax Act is to some extent dependent on factors beyond the control of the Corporation. If, for any reason, the Corporation fails to maintain its qualification as a mortgage investment corporation, dividends paid by the Corporation on its issued Preferred Shares will cease to be deductible from the income of the Corporation, and will be taxed in the hands of shareholders. See Item 6.

Liquidity

The assets of the Corporation are invested in mortgages. A holder of Preferred Shares requesting a redemption of all or part of those Preferred Shares must give at least six months prior notice in writing in order to redeem Preferred Shares. There can be no assurance that, at the time that the redemption price for those Preferred Shares must be paid, the Corporation will have sufficient cash on hand to pay the redemption price.

Risk Tolerance

An investment in the Preferred Shares should be made only by investors who are able to bear the risk of the loss of some of their investment and who have no need for immediate liquidity.

No CDIC Insurance

The Corporation is not a member institution of the Canada Deposit Insurance Corporation and the Preferred Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.

No Guarantee of Positive Returns

There is no guarantee that an investment in Preferred Shares will earn any positive return in the short or long term.

Reliance on the Manager

The ability of the Corporation to achieve income is dependent in part upon the Manager being able to identify and assemble an adequate supply of mortgages and to issue from time to time debt obligations of the Corporation. There can be no assurance that this will be accomplished. The success of the Corporation is also dependent upon the experience and good faith of the Manager.

The Manager is entitled to act in a similar capacity for other companies with investment policies similar to that of the Corporation. The ability of the Manager to provide the Corporation with an adequate ongoing supply of investments may be affected. However, the Manager is contractually obligated pursuant to the terms of the Management Agreement to manage the affairs of the Corporation in a prudent fashion. If the Manager fails to do so, and such failure results in profits being unavailable for the payment of dividends for any two consecutive years at a rate greater than or equal to a Minimum Acceptable Rate, the Corporation is allowed to terminate the Management Agreement upon the unanimous vote of the Independent Directors. See Item 3.

Dependence on Economic Conditions

The profitability of the Corporation will be dependent on both general and local economic conditions and will be affected by fluctuations in the rate of economic growth, the rate of expansion of housing markets in the target areas and migration levels. To date the Corporation has concentrated its lending activities (and therefore its risk) in the Greater Vancouver and Victoria housing markets, however, the Corporation may act as a mortgage lender in other areas of Canada.

There are significant risks inherent in mortgage lending over which neither the Corporation nor the Manager has any control. These risks include fluctuations in interest rates, the general state of the economy, concentration of mortgages on properties which are in one geographic location and the possibility of a decline in real estate values to the extent that the value of the properties securing the Corporation's mortgages fall below the principal, interest and other amounts owing to the Corporation thereon. Unfavourable economic conditions may lead to a higher than expected incidence of failure of mortgagors to service their mortgages, thus increasing the risk of foreclosure and the possibility of loan losses.

Conflict of Interests

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. These conflicts arise primarily out of the contractual relationships among the Corporation and the Manager. Certain of the directors and officers of the Corporation and the Manager are engaged in the mortgage lending business on their own behalf and on behalf of other corporations, and as a result, situations may arise where such corporations will be in competition with the Corporation. These conflicts, if any, will be subject to the procedures and remedies under the CBCA and the common law.

Limited Voting Rights

The holders of Preferred Shares have limited voting rights only. They are not entitled to vote at annual general meetings of the shareholders of the Corporation and therefore have no say in the election of directors. Holders of Preferred Shares are only entitled to vote at separate class meetings of the holders of Preferred Shares as required by the CBCA. Further, if the Corporation fails to earn profits available for the payment of dividends for a period of five consecutive fiscal quarters, then, from 90 days after the fiscal year end in which such failure occurred, the holders of the Preferred Shares will have the same voting rights for each share as the holders of the Common Shares.

Competition and Lending Risks

The Corporation competes with mortgage lenders, including banks, trust companies, credit unions and the like, who provide traditional mortgage lending services to the public. The Corporation is a "niche" lender, servicing borrowers who may be unable to meet the income and other requirements imposed upon them by traditional lenders. Thus, the number of loans the Corporation is able to make is restricted, and the risks inherent in those loans is greater than those faced by traditional lenders.

ITEM 9 REPORTING OBLIGATIONS

The Corporation is subject to continuous reporting and disclosure obligations as a reporting issuer in British Columbia and Alberta.

Annual audited financial statements will be provided to shareholders, which will be prepared in accordance with generally accepted Canadian accounting principles, consistently applied. These financial statements will include a balance sheet, statement of income and statement of cash flows.

Quarterly unaudited financial statements will be provided to shareholders, which will also be prepared in accordance with generally accepted Canadian accounting principles, consistently applied. These quarterly financial statements will also contain a balance sheet and statement of income and expenses.

The Corporation will make prompt notification of material changes by way of press releases and formal filings. Corporate information about the Corporation can be obtained by contacting Industry Canada Communications and Marketing Branch, Attention: Enquiry Services, 2nd Floor, West Tower, 235 Queens Street, Ottawa, Ontario, K1A 0H5 (www.ic.gc.ca).

Other pertinent information is available on SEDAR.

ITEM 10 RESALE RESTRICTIONS

10.1 *General Statement*

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

10.2 *Restricted Period*

Unless permitted under securities legislation, Subscribers cannot trade the securities before the date that is four (4) months and a day after the distribution date. In addition, the Corporation requires six (6) months written notice in order for shareholders to redeem all or part of their shareholdings.

ITEM 11 PURCHASERS' RIGHTS

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

1. **Two Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.
2. **Statutory Rights of Action in the Event of a Misrepresentation for Purchasers Resident in British Columbia.** If you are resident in British Columbia and there is a misrepresentation in the Offering Memorandum, you will have a statutory right to sue:
 - a. Mandate National Mortgage Corporation to cancel your Agreement to buy these securities, or
 - b. for damages against Mandate National Mortgage Corporation and every director of the Corporation at the date of this offering memorandum and every person against whom the rights are available.

The following summary of such statutory rights is subject to the express provisions of the applicable securities laws, regulations and rules, and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and defences on which the Issuer and other applicable parties may rely.

The *Securities Act (British Columbia)* (the “**B.C. Act**”) provides purchasers resident in the Province (each a “**B.C. Purchaser**”) with, in addition to any other right they may have at law, rights of rescission or damages, or both, where an offering memorandum, together with any amendments thereto, contains a misrepresentation. Where used herein, “**misrepresentation**” means (i) an untrue statement of a material fact that significantly affects, or would reasonably be expected to have a significant effect, on the market price or the value of the Preferred Shares (a “**material fact**”), or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by the applicable securities legislation.

In particular, section 132.1 of the B.C. Act provides that if this Offering Memorandum, together with any amendments hereto, contains a misrepresentation, and it was a misrepresentation at the time of purchase of the Preferred Shares, a B.C. Purchaser to whom this Offering Memorandum was delivered and who purchases Preferred Shares offered hereunder shall be deemed to have relied on the misrepresentation and has, subject as hereunder provided, a right of action against the Corporation, every director of the Corporation at the date of the Offering Memorandum and every person who signed the Offering Memorandum for damages, and a right of rescission against the Company, provided that if the purchaser elects to exercise a right of rescission against the Company, the purchaser has no right of action for damages against the Company, and provided that:

- (a) an action to enforce such right or rights must not be commenced (i) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of the action; or, (ii) in the case of an action other than for rescission, more than the earlier of:
 - (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or,
 - (ii) 3 years after the date of the transaction that gave rise to the cause of the action.
- (b) No person will be liable if it proves that the B.C. Purchaser had knowledge of the misrepresentation;
- (c) In the case of an action for damages, no person will be liable for all or any parts of the damages that it proves does not represent the depreciation in value of the Shares resulting from the misrepresentation; and
- (d) In no case will the amount recoverable in any action exceed the price at which the Shares were offered under the Offering Memorandum.

Statutory Right of Action in the Event of a Misrepresentation for Purchasers Resident in Alberta.

Pursuant to Alberta securities laws, each purchaser in Alberta who purchase the Preferred Shares is entitled to the rights of action provided by section 204 of the *Securities Act* (Alberta). Accordingly, if this offering memorandum contains a misrepresentation, a purchaser who purchases the Preferred Shares is deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action:

- (a) for damages against
 - i) the Corporation,
 - ii) every director of the Corporation (including any person acting in a capacity similar to that of a director of a company),
 - iii) every person or company who signed the offering memorandum, and
- (b) for rescission against the Corporation

If the purchaser elects to exercise a right of rescission against the Corporation, the purchaser has no right of action for damages against a person or company referred to above in paragraph (a) of this section.

Such rights of action must be exercised by an Alberta purchaser entitled thereto, within prescribed time limits. Section 211 of the *Securities Act* (Alberta) states that unless otherwise provided in the *Securities Act* (Alberta), no action may be commenced to enforce a right more than,

- (a) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action, or
- (b) in the case of any action, other than an action for rescission, the earlier of
 - i) 180 days from the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
 - ii) 3 years from the day of the transaction that gave rise to the action.

The amount recoverable under the aforementioned right of action for damages shall not exceed the price at which the securities were offered under this offering memorandum. There are various defenses available to the person and companies you have a right to sue.

The foregoing is a summary only and is qualified by the provisions of the *Securities Act* (Alberta) and the regulations and rules thereunder and reference is made thereto for the complete provisions. Purchasers in Alberta should refer to those provisions for the particulars of the rights and consult with a legal advisor.

ITEM 12 FINANCIAL STATEMENTS

See Appendix B

ITEM 13 DATE AND CERTIFICATE

Dated March 1, 2010.

This Offering Memorandum does not contain a misrepresentation.

MANDATE NATIONAL MORTGAGE CORPORATION

“Alan E.R. Long”

(signed) Alan E.R. Long
President and Chief Executive Officer

“Doug Wark”

(signed) Doug Wark
Director

“Peter Chappell”

(signed) Peter Chappell, C.A.
Director: Acting Chief Financial Officer

“John R. LaVan”

(signed) John R. LaVan
Director

APPENDIX A

GLOSSARY

The following is a glossary of terms and abbreviations used frequently throughout this Offering Memorandum. In this Offering Memorandum, unless the subject matter or context is inconsistent therewith:

CBCA means the Canada Business Corporations Act.

Closing(s) means the date(s) that the Preferred Shares are issued to purchasers.

Common Shares means the voting common shares without par value in the capital stock of the Corporation.

Corporation means Mandate National Mortgage Corporation.

Deferred Income Plans means trusts governed by registered retirement savings plans, registered education savings plans, deferred profit sharing plans or registered retirement income funds.

Independent Directors means directors of the Corporation who are not directors, officers or shareholders of the Manager or the Corporation.

Management Agreement means the Management Agreement dated for reference March 1, 2007 between the Corporation and Mandate Management Corporation.

Manager means Mandate Management Corporation.

Minimum Acceptable Rate means the Royal Bank of Canada prime lending rate plus 2.0% per annum as determined from time to time.

Non-Resident includes a person who is ordinarily resident other than in Canada or the United States or a corporation incorporated or formed elsewhere than in Canada or a trust established by such person or corporation in which such persons or corporations have more than a 50% beneficial interest.

Offering means the offering pursuant to the Offering Memorandum of up to 500,000 Preferred Shares at \$10.00 per Preferred Share.

Offering Memorandum means this Offering Memorandum dated March 1, 2010.

Preferred Shares means the Preferred Shares of the Corporation, which are both retractable and redeemable.

Securities Legislation means Canadian securities legislation and policy applicable to the Offering;

SEDAR means the System for Electronic Document Analysis and Retrieval.

Share Capital means the aggregate dollar value paid by shareholders of the Corporation as consideration for all of the issued and outstanding shares of the Corporation including the Common Shares and the Preferred Shares as at the end of the fiscal year of the Corporation preceding the date upon which such calculation is made.

Specified Shareholder means a holder of more than 25% of the issued shares of any class of a mortgage investment corporation.

Subscription Agreement means the agreement entered into between the Corporation and a purchaser of the Preferred Shares offered hereby, a copy of which accompanies this Offering Memorandum.

Tax Act means the Income Tax Act (Canada).

APPENDIX B

AUDITED FINANCIAL STATEMENT AS AT DECEMBER 31, 2009