

SUBSCRIPTION AGREEMENT FOR CLASS B PREFERRED SHARES

TO: RESCO Mortgage Investment Corporation (the "Corporation")

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of Class B Preferred Shares (the "**Preferred Shares**") of the Corporation set forth below, representing a subscription price of \$10.00 per Preferred Share, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Preferred Shares of RESCO Mortgage Investment Corporation" attached hereto (the "**Terms and Conditions**"). This page plus the Terms and Conditions and the Exhibits attached thereto, are collectively referred to as the "**Subscription Agreement**". Initially capitalized terms in the Subscription Agreement and not otherwise defined have the meanings ascribed to them in the Offering Memorandum (as defined in the Terms and Conditions), unless the context otherwise requires.

(Name of Subscriber – please print)

By: _____
(Authorized Signature)

(Official Capacity or Title – if the subscriber is not an individual)

(Please print name of individual whose signature appears above if different than the name of the Subscriber printed above.)

(Subscriber's Address)

(Telephone Number) (Email Address)

Social Insurance Number / Business Number

JOINT SUBSCRIBERS: Check the box if Subscribers for Preferred Shares are to be joint tenants with right of survivorship

I am a non-resident of Canada

If not a resident of Canada, I am a resident of _____ and I am not a U.S. Person (as defined by Regulation S of the United States Securities Act of 1933)

By executing this Subscription, you are consenting (on your behalf and, if applicable, on behalf of the beneficial purchaser for whom you are contracting), to the collection, use and disclosure of personal information in the manner described in the Privacy Notice on page 18 of this Subscription Agreement.

Number of Preferred Shares*: _____

Aggregate Subscription Amount: Cdn. \$ _____

*Minimum Subscription is 1,000 Preferred Shares

Subscription Price per Preferred Share: \$10.00

FOR ALL SUBSCRIBERS – Check all that apply:

I am a "registrant" Yes No

I am an "insider of the Corporation" Yes No

I am a "promoter" of the Corporation Yes No

Each as defined under applicable securities laws.

Payment Options

Please choose for your cash distribution payments:

Distribution reinvestment (compound interest)

(please see Section 2(p) and 3(z))

Direct deposit into bank account other than savings (a void cheque or a copy **must** be provided)

Direct deposit into bank account on file

Direct deposit into savings account

Bank Name: _____

Bank #: _____ **Transit #:** _____

Account #: _____

Cheque to trustee:

Specify Company: _____

Register the Preferred Shares as set out below (if different from Subscriber):

(Name)

(Account reference, if applicable)

(Address)

Deliver the Preferred Shares as set out below (if different from Subscriber's address):

(Name)

(Account reference, if applicable)

(Contact Name)

(Address)

PLEASE COMPLETE THE SECOND PAGE OF THIS AGREEMENT AND APPLICABLE EXHIBITS
This is the first page of an agreement comprised of 18 pages, not including Exhibits 1, 2, 3 and 4

Qualifications for Securities Exemptions: Please initial beside the following exemption you are relying on and complete the relevant missing information. By executing this Subscription Agreement you represent and warrant that the initialed statements apply to you:

- (a) _____ I am an “accredited investor”. I am subscribing for Preferred Shares under the Accredited Investor Exemption and reside in a Province of Canada. **COMPLETE EXHIBIT 1 (PARTS I AND II).**
- (b) _____ I am subscribing for Preferred Shares under section the Offering Memorandum Exemption and reside in a British Columbia or Newfoundland and Labrador. **COMPLETE Exhibit 3 (Part I).**
- (c) _____ I am subscribing for Preferred Shares under the Offering Memorandum Exemption and reside in Manitoba or Prince Edward Island. **COMPLETE EXHIBIT 2 AND Exhibit 3 (Part I).**
- (d) _____ I am subscribing for Preferred Shares under the Offering Memorandum Exemption and reside in Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan. **COMPLETE EXHIBIT 2 AND Exhibit 3 (Part I) AND Exhibit 3 (Part II).**
- (e) _____ I am subscribing for Preferred Shares under the Offering Memorandum Exemption, reside in Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan, and am an “eligible investor” because I am an “accredited investor”. **COMPLETE Exhibit 1 (Part I), EXHIBIT 2, AND Exhibit 3 (Part I) AND Exhibit 3 (Part II).**
- (f) _____ I am resident in Canada and am purchasing pursuant to an exemption from prospectus requirements available to me under applicable securities legislation other than (a), (b), (c), (d) or (e)d above, and will provide the full particulars of such exemptions and evidence of the my qualifications thereunder.
- (g) _____ I am resident in a jurisdiction other than Canada and the United States and I am purchasing pursuant to Section 3(o) of this Agreement. **COMPLETE EXHIBIT 1.**

FOR ADVISER/DEALER TO COMPLETE

By submitting this completed Subscription Agreement to the Corporation, the adviser/dealer hereby acknowledges and confirms that it has fulfilled all relevant “know-your-client”, suitability and anti-money laundering obligations under applicable securities legislation or other laws. It also confirms that it (i) has taken reasonable steps to verify that the Subscriber qualifies for the prospectus exemption indicated by the Subscriber under the heading “Qualifications for Securities Exemptions” above, (ii) will retain, for a minimum of eight years, all necessary documents to demonstrate such verification, and (iii) will provide copies of such documentation to the Corporation upon request.

Name of Dealer (Firm Name)

Name and ID No. of Account Representative

Dealer Transaction Number

Signature of Account Representative

Telephone Number of Account Representative

Email Address of Account Representative

***Witness Attestation for Power of Attorney**

The witness, by signing this document, hereby certifies that he or she was present when the document was executed by the Subscriber and has executed this document in the presence of the Subscriber on the date shown above and that he or she is not:

- (a) less than 18 years old; or
- (b) a person designated as the attorney in the power of attorney contemplated in this Subscription Agreement; or
- (c) the spouse or partner of the Subscriber or person designated as the attorney in the power of attorney contemplated in this Subscription Agreement; or
- (d) a child of the Subscriber or a person whom the Subscriber has demonstrated a settled intention to treat as the Subscriber's child; or
- (e) another family member of the Subscriber or person designated as the attorney in the power of attorney contemplated in this Subscription Agreement.

This is the second page of an agreement comprised of 18 pages, not including Exhibits 1, 2, 3 and 4.

*RESCO Mortgage Investment Corporation
Subscription Agreement for Class B Preferred Shares*

ACCEPTANCE: The Corporation hereby accepts the above subscription on the terms and conditions contained in this Subscription Agreement.

EXECUTED this _____ day of _____, 20____.

RESCO MORTGAGE INVESTMENT CORPORATION

By: _____
Authorized Signing Officer

Please make sure that your subscription includes:

1. One (1) signed copy of this Subscription Agreement.
2. A certified cheque or bank draft in an amount equal to the Aggregate Subscription Amount payable to “RESCO Mortgage Investment Corporation” or a wire transfer to:

RESCO Mortgage Investment Corporation
360 Highway 7 East, Unit 28, Richmond Hill, Ontario L4B 3Y7
Account Number: 0663-5262832
TD Canada Trust
3477 Sheppard Avenue East, Scarborough, Ontario M1T 3K6
Institution Number: 004 / Branch Code: 10332 / SWIFT Code: TDOMCATTOR

Subscribers that will be subscribing through registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans or tax free savings accounts will be required to provide the proceeds to the applicable plan administrator and coordinate the payment by the plan administrator to the Corporation, in order to complete the subscription.

3. A completed and signed copy of:
 - (a) **Exhibit 1 (Part I), and if applicable, Exhibit 1 (PART II)**, if you initialed beside (a) or (f) on the face page of this Subscription Agreement under the heading “Qualifications for Securities Exemptions”;
 - (b) **Exhibit 3 (Part I) only**, if you initialled beside (b) on the face page of this Subscription Agreement under the heading “Qualifications for Securities Exemptions”;
 - (c) **Exhibit 2 and Exhibit 3 (Part I) only**, if you initialled beside (c) on the face page of this Subscription Agreement under the heading “Qualifications for Securities Exemptions”;
 - (d) **Exhibit 2 and Exhibit 3 (PART I and PART II)**, if you initialed beside any of (d) on the face page of this Subscription Agreement under the heading “Qualifications for Securities Exemptions”; or
 - (e) **Exhibit 1 (Part I), Exhibit 2 and Exhibit 3 (PART I and PART II)** if you initialed beside (e) on the face page of this Subscription Agreement under the heading “Qualifications for Securities Exemptions”.

Please deliver your subscription to:

RESCO Mortgage Investment Corporation
360 Highway 7 East, Unit 28
Richmond Hill, Ontario L4B 3Y7
Fax: +1 (905) 889-4155
Email: info@rescominc.ca

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR PREFERRED SHARES OF
RESCO MORTGAGE INVESTMENT CORPORATION**

1. **Interpretation.**

- (a) In this Subscription Agreement, unless stated otherwise or defined on the cover page or in Section 1(b) of this Subscription Agreement, capitalized terms used herein that are defined in the Offering Memorandum have the meanings ascribed to such terms in the Offering Memorandum.
- (b) In this Subscription Agreement:
 - (i) “**Accredited Investor Exemption**” means the prospectus exemption described in section 2.3 of NI 45-106 and 73.3(1) of the *Securities Act* (Ontario), as applicable;
 - (ii) “**Accredited Investor Risk Acknowledgement**” means the Accredited Investor Risk Acknowledgement (Form 45-106F9) attached hereto as of Exhibit 1 (PART II);
 - (iii) “**business day**” means a day which is not a Saturday, Sunday or statutory holiday in the City of Toronto, Ontario;
 - (iv) “**Cancellation Right**” means the right of the Subscriber who is subscribing under section 2.9 [*Offering memorandum*] of NI 45-106 to cancel this Subscription Agreement by sending notice of cancellation by midnight on the 2nd business day after the Subscriber executes this Subscription Agreement;
 - (v) “**Closing**” means the completion of the subscription for any Preferred Shares pursuant to this Subscription Agreement;
 - (vi) “**Closing Date**” means the date of the Closing, which is expected to occur from time to time as the Corporation may determine;
 - (vii) “**Closing Time**” means the time on the applicable Closing Date that the Closing occurs;
 - (viii) “**Offering Memorandum**” means the offering memorandum of the Corporation relating to the sale of Preferred Shares, as may be amended or supplemented from time to time;
 - (ix) “**Offering Memorandum Exemption**” means the prospectus exemption described in Section 2.9 of NI 45-106;
 - (x) “**Offering Memorandum Risk Acknowledgement**” means the Offering Memorandum Risk Acknowledgement (Form 45-106F4) attached hereto as of Exhibit 3 (Part I);
 - (xi) “**Plan**” means the distribution reinvestment plan of the Corporation, as amended, restated, supplemented or replaced from time to time;
 - (xii) “**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators;
 - (xiii) “**Tax Act**” means the *Income Tax Act* (Canada), together with any and all regulations promulgated thereunder, as amended from time to time;
 - (xiv) “**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

2. **Acknowledgements of the Subscriber.** The Subscriber acknowledges that:
- (a) this subscription is subject to rejection or acceptance by the Corporation in whole or in part, and is effective only upon acceptance by the Corporation;
 - (b) the Preferred Shares subscribed for by it hereunder form part of a larger issuance and sale of Class B Preferred Shares by the Corporation for aggregate maximum gross proceeds of up to \$75,000,000;
 - (c) the Corporation reserves the right to close the Offering in multiple tranches and the Corporation is entitled to use the subscription proceeds as soon as any Closing has occurred;
 - (d) there is no government or other insurance covering the Preferred Shares;
 - (e) the Corporation may appoint selling agents to offer the Preferred Shares for sale on a private placement basis and in connection therewith, the Corporation may, directly or indirectly, pay a commission of up to 7% of the gross proceeds realized on the Preferred Shares sold directly by such selling agents, and may also pay the reasonable expenses of such selling agents;
 - (f) the Corporation may pay a cash finder's fee to qualified finders who refer Subscribers to the Offering of up to 7% of the gross proceeds realized on the Preferred Shares sold to subscribers referred by such finders;
 - (g) the Corporation may provide information in respect of the Subscriber's investment to the adviser and dealer listed on page 2 of this Subscription Agreement;
 - (h) **there are restrictions on the Subscriber's ability to resell the Preferred Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Preferred Shares;**
 - (i) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and, as a consequence of acquiring Preferred Shares pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Ontario) and other applicable securities laws, including statutory rights of rescission or damages, may not be available to the Subscriber (other than the rights set forth in the Offering Memorandum applicable to Subscribers who subscribe for Preferred Shares under the Offering Memorandum Exemption);
 - (j) no prospectus has been filed by the Corporation with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Preferred Shares and the issuance is exempt from the prospectus requirements available under the provisions of applicable securities laws and as a result:
 - (i) the Subscriber is restricted from using most of the civil remedies available under applicable securities laws (other than remedies available in connection with the Offering Memorandum delivered to Subscribers who subscribe for Preferred Shares under the Offering Memorandum Exemption);
 - (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under applicable securities laws (other than the information set forth in the Offering Memorandum applicable to Subscribers who subscribe for Preferred Shares under the Offering Memorandum Exemption); and
 - (iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities laws;

- (k) Gowling WLG (Canada) LLP is acting as counsel to the Corporation and not for any Subscriber and, as such, the Subscriber is solely responsible for obtaining such legal advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement and ownership of the Preferred Shares;
 - (l) participation in the Offering is subject to acceptance of the Subscription Agreement by the Corporation, and that acceptance of this Subscription Agreement shall be effective upon the Subscriber being included on the register of holders of Preferred Shares of the Corporation (the “**Register**”) designating the Subscriber as a Preferred Shareholder of the Corporation (a “**Preferred Shareholder**”);
 - (m) it has been furnished with and has carefully reviewed and fully understands the Offering Memorandum;
 - (n) Radiance Mortgage Brokerage Inc. (the “**Manager**”) and 5C Capital Inc. (the “**Administrator**”) have been engaged by the Corporation to provide management and administrative services to the Corporation, and the Corporation may provide information in respect of the Subscriber and its holdings of Preferred Shares to the Manager and the Administrator from time to time in connection with the provision of such management and administrative services to the Corporation;
 - (o) the Manager and Administrator may, in connection with the provision of such services and the carrying out of their respective businesses, disclose and use information acquired in connection with the provision of management and administration services to the Corporation;
 - (p) if it has elected, on the face page hereof, to participate in the Plan, agrees to hereby apply to enroll in and become a participant in the Plan and further directs the Corporation to apply any and all cash distributions payable in respect of all Preferred Shares registered in the Subscriber’s name now or in the future towards the purchase of additional Preferred Shares, subject to proration, any applicable withholding tax and such other limitations and restrictions as are set forth in the Plan, and hereby agrees that all documents relating to the Plan and its participation therein, whenever prepared or received including, shall be prepared exclusively in the English language. The Subscriber further acknowledges that the Plan is governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, and hereby attorns to the jurisdiction of the courts of the Province of Ontario with respect to proceedings involving the Plan.
3. **Representations, Warranties and Covenants of the Subscriber.** By executing this Subscription Agreement, the Subscriber represents, warrants and covenants to the Corporation (and acknowledges that the Corporation and its counsel is relying thereon) that:
- (a) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to execute and deliver this Subscription Agreement and all other agreements, instruments and other documents contemplated hereby and that it will perform all of its obligations hereunder and thereunder, undertake all actions required of the Subscriber hereunder and thereunder;
 - (b) if the Subscriber is not an individual: (i) it has been duly incorporated, formed or created and is valid and subsisting under the laws of the jurisdiction of its incorporation, formation, or creation; (ii) has the requisite power, authority, legal capacity and competence to execute and deliver this Subscription Agreement and all other agreements, instruments and other documents contemplated hereby and to perform all of its obligations hereunder and thereunder, and to undertake all actions required of the Subscriber hereunder and thereunder; and (iii) all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters that have been given or obtained;
 - (c) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of the Subscriber;

- (d) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or default under any of the Subscriber's constating documents (if the Subscriber is not an individual) or any agreement to which the Subscriber is a party or by which it is bound;
- (e) the Subscriber:
 - (i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Preferred Shares;
 - (ii) is capable of assessing the proposed investment in the Preferred Shares as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable securities legislation;
 - (iii) is aware of the characteristics of the Preferred Shares and the risks relating to an investment therein; and
 - (iv) is able to bear the economic risk of loss of its investment in the Preferred Shares;
- (f) it understands that no securities commission, stock exchange, governmental agency, regulatory body or similar authority in Canada, the United States or elsewhere has made any finding or determination or expressed any opinion with respect to the merits of investing in the Preferred Shares;
- (g) it confirms that neither the Corporation nor any of its directors, employees, officers or affiliates, have made any representations (written or oral) to the Subscriber:
 - (i) regarding the future value of the Preferred Shares;
 - (ii) that any person will resell or repurchase the Preferred Shares;
 - (iii) that any person will refund the purchase price of the Preferred Shares (other than in connection with the Cancellation Right); or
 - (iv) that the Preferred Shares will be listed and posted for trading on a stock exchange or that application has been made to list and post the Preferred Shares for trading on a stock exchange;
- (h) the Subscriber has been advised to consult its own legal, tax and financial advisers with respect to the suitability of the Preferred Shares as an investment for the Subscriber and the resale restrictions and "hold periods" to which the Preferred Shares are subject under applicable securities legislation, it has been independently advised as to the meanings of all terms contained herein relevant to it for purposes of the representations, warranties, undertakings and covenants contained in this Subscription Agreement, and has not relied upon any statements made by or purporting to have been made on behalf of the Corporation in deciding to subscribe for Preferred Shares hereunder;
- (i) it has not become aware of, and it has not entered into this Subscription Agreement as a result of:
 - (i) any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display such as the internet) with respect to the Corporation, the Offering or the distribution of the Preferred Shares; or
 - (ii) any general solicitation or general advertising;
- (j) except in the case of a Subscriber who is subscribing under the Offering Memorandum Exemption, the Subscriber has not received, requested and does not have any need to receive, any offering memorandum, or any other document describing the business and affairs of the Corporation which

has been prepared for delivery to and review by, prospective subscribers in order to assist it in making an investment decision in respect of the Preferred Shares;

- (k) in the case of a Subscriber who is subscribing under the Offering Memorandum Exemption, the Subscriber has received, reviewed and fully understands the Offering Memorandum and has had an opportunity to ask and have answered any and all questions which it wished to raise with respect to the business and affairs of the Corporation, the nature of its activities, the proposed use of proceeds, the Preferred Shares, and this Subscription Agreement;
- (l) except in the case of a Subscriber who is subscribing under the Offering Memorandum Exemption, the Subscriber acknowledges that certain protections, rights and remedies provided by an offering memorandum and other applicable securities laws, including statutory rights of rescission or damages, may not be available to the Subscriber;
- (m) the Subscriber confirms that it is, or is deemed to be, purchasing the Preferred Shares as principal for its own account, not for the benefit of any other person, and for investment purposes only and not with a view to the resale or distribution of all or any of the Preferred Shares, it is resident in the jurisdiction set out as the “Subscriber’s Address” on the face page hereof, and it fully complies with one or more of the criteria set forth below:
 - (i) **it is resident in or otherwise subject to applicable securities laws of a province of Canada**, it is an “accredited investor”, as such term is defined in NI 45-106 or, where applicable, section 73.3(1) of the *Securities Act* (Ontario), it was not created and is not used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in NI 45-106, and has duly completed and executed Exhibit 1 (and particularly, if the Subscriber is an individual who has initialed category (j), (k) or (l) of the definition of “accredited investor” in Exhibit 1 (Part I), he or she has duly completed and executed two (2) copies of the Accredited Investor Risk Acknowledgement, one copy for each of the Corporation and the Subscriber); or
 - (ii) **it is resident in or otherwise subject to the applicable securities laws of British Columbia or Newfoundland and Labrador**, it has received or been provided with a copy of the Offering Memorandum and has duly completed and executed two (2) copies of Exhibit 3 (Part I) – Offering Memorandum Risk Acknowledgement (one copy for each of the Corporation and the Subscriber); or
 - (iii) **it is resident in or otherwise subject to the applicable securities laws of Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan**, it has received or been provided with a copy of the Offering Memorandum and has duly completed and executed two (2) copies of the Exhibit 3 (Part I) – Offering Memorandum Risk Acknowledgement (one copy for each of the Corporation and the Subscriber), Exhibit 1 (PART II) and:
 - (A) if the Subscriber is an individual, the Subscriber:
 - (1) is not an “eligible investor” as such term is defined in NI 45-106 and the acquisition cost of all securities acquired by the Subscriber under the Offering Memorandum Exemption in the preceding 12 months (including the Preferred Shares to be acquired hereunder) does not exceed \$10,000,
 - (2) is an “eligible investor” as such term is defined in NI 45-106 and the acquisition cost of all securities acquired by the Subscriber under the Offering Memorandum Exemption in the preceding 12 months (including the Preferred Shares to be acquired hereunder) does not exceed \$30,000,

- (3) is an “eligible investor” as such term is defined in NI 45-106, has received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable and the acquisition cost of all securities acquired by the Subscriber under the Offering Memorandum Exemption in the preceding 12 months (including the Preferred Shares to be acquired hereunder) does not exceed \$100,000, or
- (4) is an “eligible investor” as such term is defined in NI 45-106 because it is an “accredited investor” as such term is defined in NI 45-106 or, where applicable, section 73.3(1) of the *Securities Act* (Ontario) and the Subscriber has duly completed and executed Exhibit I; or
- (5) is an “eligible investor” as such term is defined in NI 45-106 because it is:
 - (I) a director, executive officer or control person of the issuer, or of an affiliate of the issuer (as such term is defined in NI 45-106 and reproduced in Exhibit 1 (Part I)) of the Corporation, or an affiliate of the Corporation;
 - (II) a spouse, parent, grandparent, brother, sister, child or grandchild of a director, executive officer, or control person (as such term is defined in NI 45-106 and reproduced in Exhibit 1 (Part I)) of the Corporation, or an affiliate of the Corporation; or
 - (III) a parent, grandparent, brother, sister, child or grandchild of the spouse of a director, executive officer, or control person (as such term is defined in NI 45-106 and reproduced in Exhibit 1 (Part I)) of the Corporation, or an affiliate of the Corporation; or
 - (IV) a close personal friend of a director, executive officer or control person of the Corporation, or an affiliate of the Corporation; or
 - (V) a close business associate of a director, executive officer or control person of the Corporation, or an affiliate of the Corporation; or
 - (VI) a founder of the Corporation or a spouse, parent, grandparent, brother, sister, child, grandchild, close personal friend or close business associate of a founder of the Trust; or
 - (VII) a parent, grandparent, brother, sister, child or grandchild of a spouse of a founder of the Corporation; or
 - (VIII) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons described in paragraphs (I) to (VII); or
 - (IX) a trust or estate of which all the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (I) to (VII); and
- (B) if the Subscriber is not an individual, it was not created, and is not used, solely to purchase or hold securities in reliance on the Offering Memorandum Exemption;

- (iv) **it is resident in or otherwise subject to the applicable securities laws of Manitoba or Prince Edward Island**, it has received or been provided with a copy of the Offering Memorandum and has duly completed and executed Exhibit 2 and two (2) copies of Exhibit 3 (Part I) – Offering Memorandum Risk Acknowledgement (one copy for each of the Corporation and the Subscriber), and
 - (A) is not an “eligible investor” as such term is defined in NI 45-106 and the acquisition cost of the Preferred Shares does not exceed \$10,000, or
 - (B) is an “eligible investor” as such term is defined in NI 45-106; and
 - (C) if the Subscriber is not an individual, it was not created, and is not used, solely to purchase or hold securities in reliance on the Offering Memorandum Exemption;
- (n) if it is a resident of **any jurisdiction referred to in the preceding paragraph 3(m)** but not purchasing thereunder, it is purchasing pursuant to an exemption from prospectus requirements (particulars of which are enclosed herewith) available to it under applicable securities legislation and shall deliver to the Corporation such further particulars of the exemption(s) and the Subscriber's qualifications thereunder as the Corporation or its counsel may request;
- (o) if the Subscriber initialed line (g) on the face page hereof under the heading “Qualifications for Securities Exemptions”, the Subscriber is a resident of **a country other than Canada or the United States** (an “**International Jurisdiction**”), then in addition to the other representations and warranties contained in this Subscription Agreement, the Subscriber represents and warrants that:
 - (i) the Subscriber is knowledgeable of, or has been independently advised as to, the applicable securities laws of the International Jurisdiction which would apply to this Subscription Agreement, if any;
 - (ii) the Subscriber is purchasing the Preferred Shares hereunder pursuant to exemptions from the prospectus and registration requirements under the applicable securities laws of that International Jurisdiction or, if such is not applicable, the Subscriber is permitted to purchase the Preferred Shares under the applicable securities laws of the International Jurisdiction without the need to rely on an exemption;
 - (iii) the applicable securities laws of the International Jurisdiction do not require the Corporation to file a prospectus or similar document or to register the Preferred Shares purchased hereunder or to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind whatsoever in the International Jurisdiction;
 - (iv) the delivery of this Subscription Agreement, the acceptance of it by the Corporation and the issuance of the Preferred Shares to the Subscriber comply with all applicable laws of the Subscriber's International Jurisdiction of residence or domicile and all other applicable laws and will not cause the Corporation to become subject to or comply with any disclosure, prospectus or reporting requirements under any such applicable laws; and
 - (v) the Subscriber will, if requested by the Corporation, deliver to the Corporation a certificate or opinion of local counsel from the International Jurisdiction which will confirm the matters referred to herein to the satisfaction of the Corporation;
- (p) it understands and acknowledges that: (i) there is no market for the Preferred Shares and there is no assurance that a market will develop in the future and confirms that no representation has been made to it by or on behalf of the Corporation with respect thereto; (ii) it is aware of the characteristics of the Preferred Shares; (iii) it is aware of the risks relating to an investment therein; and (iv) the Corporation is not a “reporting issuer” under the securities laws of any province or territory in Canada, and as a result of the Corporation not being a reporting issuer the Preferred Shares will be

subject to an indefinite “hold period” or “restricted period” under applicable Canadian securities laws of 4 months and a day from the later of the Closing Date and the date the Corporation becomes a reporting issuer under the securities laws of any province or territory of Canada, during which time the Subscriber may not trade the Preferred Shares without filing a prospectus or being able to rely on one of the limited exemptions from the requirement to file a prospectus under applicable securities laws, and that the Subscriber is solely responsible for (and the Corporation is not in any way responsible for) the Subscriber's compliance with applicable resale restrictions. **The Subscriber further acknowledges that the Corporation may never become a reporting issuer, and therefore, the hold period or restricted period may never expire and that it has been advised to consult legal counsel in the jurisdiction in which it resides or is deemed to reside for full particulars of resale restrictions and hold periods to which the Preferred Shares are subject under applicable securities laws;**

- (q) it understands that the transfer of the Preferred Shares is restricted pursuant to and applicable securities laws and that any certificates representing the Preferred Shares will bear a legend, or legends, indicating that the resale of such securities is restricted;
- (r) it will not resell any of the Preferred Shares, except in accordance with the provisions of applicable securities legislation and regulatory policy;
- (s) it is aware that the Preferred Shares have not been and will not be registered under the *United States Securities Act of 1933* (the “**U.S. Securities Act**”) or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and the applicable laws of all applicable states or an exemption from such registration requirements is available and it acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Preferred Shares;
- (t) it is not a “U.S. Person” (as that term is defined by Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not acquiring the Preferred Shares for the account or benefit of a U.S. Person or a person in the United States;
- (u) It is not a U.S. Person for U.S. tax purposes (interpreted in accordance with the U.S. *Internal Revenue Code*, which without limitation includes a U.S. resident or a U.S. citizen, even if that individual resides outside of the U.S. and is also a citizen or resident of another jurisdiction for tax purposes) and is not acquiring the Preferred Shares for the account or benefit of a U.S. Person;
- (v) the Preferred Shares have not been offered to the Subscriber in the United States, and the individuals making the order to purchase the Preferred Shares and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered;
- (w) it has relied solely upon the information in the Offering Memorandum and publicly available information relating to the Corporation and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation, and acknowledges that the Corporation's counsel acts as counsel to the Corporation, and not as counsel to the Subscriber;
- (x) it understands that it and the Corporation may be required to provide securities regulatory authorities or stock exchanges with information concerning the identities of the purchasers of the Preferred Shares and, if required by applicable securities legislation or regulatory policy or by any securities regulatory authority or stock exchange, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the Preferred Shares as may be required;

- (y) it will ensure that its status as described above in sections 3(t) and (u) will not be modified and he or she will not transfer his or her Preferred Shares in whole or in part to any person who would be unable to make such representations and warranties without the express written consent of the Corporation; and
 - (z) if it has elected, on the face page hereof, to participate in the Plan, it is not, and when the Preferred Shares are purchased for its account will not be, a “non-resident” of Canada within the meaning of the *Tax Act* and, to the extent that it holds Preferred Shares on behalf of a beneficial owner of Preferred Shares, such beneficial owner is not, and when the Preferred Shares are purchased for its account such beneficial owner will not be, a “non-resident” of Canada within the meaning of the *Tax Act*.
4. **Timeliness of Representations, etc.** The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein (including the Exhibits attached hereto) will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time (as defined herein), and will survive the completion of the distribution of the Preferred Shares and any subsequent disposition by the Subscriber of the Preferred Shares.
5. **Statutory and Contractual Rights.** In the event that a holder of a Preferred Share is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of the Offering Memorandum or any amendment thereto containing a misrepresentation, such holder shall, subject to available defences and any limitation period under applicable securities legislation, be entitled to rescission of the private placement transaction pursuant to which the Preferred Share was initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid to the Corporation on the acquisition of the Preferred Share. In the event such holder is a permitted assignee of the interest of the original subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original subscriber. The foregoing is in addition to any other right or remedy available to a holder of the Preferred Share under section 130.1 of the *Securities Act* (Ontario), section 204 of the *Securities Act* (Alberta), equivalent provisions of securities laws in the other provinces where Preferred Shares are being offered or otherwise at law.
6. **Indemnity.** The Subscriber acknowledges that the Corporation is relying upon the representations, warranties and covenants of the Subscriber set forth herein in determining the eligibility (from a securities law perspective) of the Subscriber to purchase Preferred Shares under the Offering, and hereby agrees to indemnify the Corporation against all losses, claims, costs, expenses, damages or liabilities that it may suffer or incur as a result of or in connection with its reliance on such representations, warranties and covenants. The Subscriber undertakes to immediately notify the Corporation at 360 Highway 7 East, Unit 28, Richmond Hill, Ontario L4B 3Y7, Attention: Chief Operating Officer, Fax: +1 (905) 305-8122, Email: info@rescom.ca, of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time.
7. **Deliveries by Subscriber prior to Closing.** The Subscriber agrees to deliver to the Corporation, or as the Corporation may direct, not later than 10:00 a.m. (Toronto time) on the business day preceding the applicable Closing Date, (or one business day before any applicable Closing Date of which the Subscriber receives notice):
- (a) one copy of this duly completed and executed Subscription Agreement;
 - (b) a certified cheque, money order, or bank draft made payable to “RESCO Mortgage Investment Corporation” in an amount equal to the Aggregate Subscription Amount, or payment of the same amount by way of a wire transfer to RESCO Mortgage Investment Corporation. Subscribers that will be subscribing through registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans or tax free savings accounts will be required to provide the proceeds to the applicable plan administrator and coordinate the payment by the plan administrator to the Corporation, in order to the complete the subscription;

- (c) if subscribing for Preferred Shares under the Accredited Investor Exemption, a duly completed and executed Exhibit 1 (and particularly, if the Subscriber is an individual who has initialed category (j), (k) or (l) of the definition of “accredited investor” in Part I of Exhibit 1, he or she has duly completed and executed two (2) copies of the Accredited Investor Risk Acknowledgement, one copy for each of the Corporation and the Subscriber);
 - (d) if subscribing for Preferred Shares under the Offering Memorandum Exemption,
 - (i) a duly completed and executed Exhibit 3 (Part I); and
 - (ii) if the Subscriber resides in a province other than British Columbia or Newfoundland and Labrador, a duly completed and executed Exhibit 2; and
 - (iii) if the Subscriber resides in Manitoba or Prince Edward Island, is an individual, and is an “eligible investor” as a person described in section 2.5 [*Family, friends and business associates*] of NI 45-106, a duly completed and executed Exhibit 3 (Part II), Schedule 1; and
 - (iv) if the Subscriber resides in Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan, a duly completed and executed Exhibit 3 (Part II), including Schedules 1 and 2 thereto; and
 - (e) such other documents as may be requested by the Corporation.
8. **Partial Acceptance or Rejection of Subscription.** The Corporation may, in its absolute discretion, accept or reject the Subscriber's subscription for Preferred Shares as set forth in this Subscription Agreement, in whole or in part, and the Corporation reserves the right to sell to the Subscriber less than the amount of Preferred Shares subscribed for under this Subscription Agreement. If this Subscription Agreement is rejected in whole, any certified cheque(s), bank draft(s) or wire(s) delivered by the Subscriber to the Corporation on account of the subscription price for the Preferred Shares subscribed for will be promptly returned to the Subscriber without interest. If this Subscription Agreement is accepted only in part, a cheque representing the amount by which the payment delivered by the Subscriber to the Corporation exceeds the subscription price of the number of Preferred Shares sold to the Subscriber pursuant to a partial acceptance of this Subscription Agreement, will be promptly delivered to the Subscriber without interest.
9. **Time and Place of Closing.** The sale of the Preferred Shares will be completed at the offices of RESCO Mortgage Investment Corporation, 360 Highway 7 East, Unit 28, Richmond Hill, Ontario L4B 3Y7 at the Closing Time. The Corporation reserves the right to close the Offering in multiple tranches, in one or more Closings.
10. **Money Laundering.** The Subscriber represents and warrants that the funds representing the Aggregate Subscription Amount which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “PCMLTFA”) and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of the Subscriber's knowledge: (a) none of the subscription funds to be provided by the Subscriber: (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States of America, or any other jurisdiction; or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and (b) it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith.
11. **Expenses.** The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any counsel retained by the Subscriber) relating to the sale of the Preferred Shares to the Subscriber shall be borne by the Subscriber.

12. **Governing Law.** The contract arising out of acceptance of this Subscription Agreement by the Corporation, shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario.
13. **Language.** The parties hereto expressly request and require that this document, including without limitation the text of the Plan attached hereto, be drawn up in English. Les parties aux présentes conviennent et exigent que cette entente et tous les documents qui s'y rattachent, incluant, sans limitation, le texte complet du régime joint à ce formulaire, soient rédigés en anglais.
14. **Time of Essence.** Time shall be of the essence of this Subscription Agreement.
15. **Entire Agreement.** This Subscription Agreement represents 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.
16. **Facsimile Copies.** The Corporation shall be entitled to rely on delivery of a facsimile or electronic copy of executed subscriptions, and acceptance by the Corporation of such facsimile subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof.
17. **Severability.** The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.
18. **Survival.** The covenants, representations and warranties contained in this Subscription Agreement shall survive the closing of the transactions contemplated hereby, and shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.
19. **Interpretation.** The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement, all references to money amounts are to Canadian dollars.
20. **Amendment.** Except as otherwise provided herein, this Subscription Agreement may only be amended by the parties hereto in writing.
21. **Assignment.** Neither party may assign all or part of its interest in or to this Subscription Agreement without the consent of the other party in writing.
22. **Power of Attorney.** Each Preferred Shareholder hereby grants to the Corporation and each of its successors and assigns, a power of attorney constituting the Corporation with full power of substitution, as his true and lawful attorney to act on his behalf, with full power and authority in his name, place and stead, to execute, under seal or otherwise, swear to, acknowledge, deliver, make, file or record (and to take all requisite actions in connection with such matters), when, as and where required:
 - (a) any instrument required or desirable to qualify, continue and keep in good standing the Corporation as a "mortgage investment corporation" in all jurisdictions that the Corporation deems appropriate;
 - (b) any instrument, deed, agreement or document in connection with carrying on the affairs of the Corporation as authorized in the Corporation Indenture, including all conveyances, transfers and other documents required to facilitate any sale of Preferred Shares or in connection with any disposition of Preferred Shares required under the Corporation's articles and bylaws;
 - (c) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Corporation in accordance with the terms of the Corporation's articles and bylaws; and

- (d) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Corporation or of the Subscriber's interest in the Corporation.

The power of attorney granted herein is, to the extent permitted by applicable law, irrevocable, is a power coupled with an interest, and shall survive the death, mental incompetence, disability and any subsequent legal incapacity of the Preferred Shareholder and shall survive the assignment by the Preferred Shareholder of all or part of the Preferred Shareholder's interest in the Corporation and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Preferred Shareholder. Without limiting any other manner in which this power of attorney may be exercised by the Corporation on behalf of one or more Preferred Shareholders, the Corporation, in executing any instrument on behalf of all Preferred Shareholders collectively, executes such instrument with a single signature and indicating such execution is as attorney and agent for all of such Preferred Shareholders. Each Preferred Shareholder agrees to be bound by any representations or actions made or taken by the Corporation pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm any actions taken by the Corporation in good faith under this power of attorney.

23. **Electronic Delivery.** Unless the Subscriber notifies the Corporation otherwise, the Subscriber is deemed to have consented to the delivery by the Corporation to the Subscriber of certain documents, including this Subscription Agreement, the Offering Memorandum and any updates or amendments to the Offering Memorandum, by way of facsimile or email and that delivery of such documents in accordance with Exhibit 4 of this Subscription Agreement shall constitute valid and effective delivery of such documents unless the Corporation receives actual notice that such electronic delivery failed. Unless the Corporation receives actual notice that the electronic delivery failed, the Corporation is entitled to assume that the facsimile or email and the attached documents were actually received by the Subscriber and the Corporation will have no obligation to verify actual receipt of such electronic delivery by the Subscriber.

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PRIVACY NOTICE

This Subscription Agreement and the Exhibits hereto require the Subscriber to provide certain personal information (respecting the Subscriber and, if applicable, the beneficial purchaser for whom the Subscriber is contracting) to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the eligibility of the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting, to purchase the Preferred Shares under applicable securities laws, preparing and registering certificates representing the Preferred Shares to be issued hereunder and completing filings required under applicable securities legislation, regulations, rules, policies or orders or by any stock exchange or securities regulatory authority or taxation authority.

In addition, such personal information may be used or disclosed by the Corporation for the purpose of administering the Corporation's relationship with the Subscriber (including the provision of information to the Subscriber's adviser and dealer listed on page 2 of this Subscription Agreement) or, if applicable, the beneficial purchaser for whom the Subscriber is contracting. For example, such personal information may be used by the Corporation to communicate with the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting (such as by providing annual or quarterly reports), to prepare tax filings and forms or to comply with its obligations under taxation, securities and other laws (such as maintaining a list of holders of Preferred Shares).

In connection with the foregoing, the personal information of the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting, may be disclosed by the Corporation to: (i) stock exchanges or securities regulatory or taxation authorities, (ii) any registrar and transfer agent appointed by the Corporation, (iii) the Canada Revenue Agency; (iv) any of the other persons involved in the Offering, including legal counsel, and may be included in record books prepared in respect of the Offering.

By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of the beneficial purchaser for whom it is contracting) hereby consents to the collection, use and disclosure of such personal information. The Subscriber (on its own behalf and, if applicable, on behalf of the beneficial purchaser for whom it is contracting) also consents to the filing of copies or originals of any of the documents provided to the Corporation by or on behalf of the Subscriber with any securities regulatory authority in relation to the transactions contemplated by this Subscription.

If it is a resident of or otherwise subject to applicable securities laws of Ontario, the Subscriber (on its own behalf and, if applicable, on behalf of the beneficial purchaser for whom it is contracting), by executing this Subscription Agreement, hereby acknowledges that it has been notified by the Corporation (a) of the delivery to the Ontario Securities Commission (the "OSC") of the full name, residential address and telephone number of the Subscriber (and, if applicable, the beneficial purchaser for whom the Subscriber is contracting), the number and type of securities purchased, the total purchase price, the exemption relied upon and the date of distribution; (b) that this information is being collected indirectly by the OSC under the authority granted to it in securities legislation and that the Subscriber (and, if applicable, the beneficial purchaser for whom it is contracting) has authorized the indirect collection of the information by the OSC; (c) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and (d) that the Administrative Assistant to the Director of Corporate Finance can be contacted at 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario M5H 3S8 or at (416) 593-8086 regarding any questions about the OSC's indirect collection of this information.

If it is a resident of or otherwise subject to applicable securities laws of British Columbia, the Subscriber (on its own behalf and, if applicable, on behalf of the beneficial purchaser for whom it is contracting), by executing this Subscription Agreement, hereby acknowledges that it has been notified by the Corporation that the following information concerning the Subscriber (and, if applicable, the beneficial purchaser for whom the Subscriber is contracting) required to be delivered to the British Columbia Securities Commission (the "BCSC") will be made public: (i) if the Subscriber (and, if applicable, the beneficial purchaser for whom the Subscriber is contracting) is an individual, the full name of the Subscriber (and, if applicable, the beneficial purchaser for whom the Subscriber is contracting), whether or not the Subscriber (and, if applicable, the beneficial purchaser for whom the Subscriber is contracting) is an insider of the Corporation or a registrant, the number and type of securities purchased, the total purchase price, the exemption relied upon and the date of distribution; or (ii) if the Subscriber (and, if applicable, the beneficial purchaser for whom the Subscriber is contracting) is not an individual, the full name, address and telephone number of a contact person of the Subscriber (and, if applicable, the beneficial purchaser for whom the Subscriber is contracting), whether or not the Subscriber (and, if applicable, the beneficial purchaser for whom the Subscriber is contracting) is an insider of the Corporation or a registrant, the number and type of securities purchased and the total purchase price, the exemption relied upon and the date of distribution.

If it is a resident of or otherwise subject to applicable securities laws of any other province of Canada, the Subscriber (on its own behalf and, if applicable, on behalf of the beneficial purchaser for whom it is contracting) may contact the applicable securities regulator regarding any questions about the indirect collection of personal information by such securities regulators at the respective address and telephone numbers provided in Exhibit 3 (Part I)

EXHIBIT 1 (PART I)

ACCREDITED INVESTOR EXEMPTION REPRESENTATION LETTER

INSTRUCTION: Must be completed by: (1) all subscribers for Preferred Shares under the Accredited Investor Exemption; AND (2) all subscribers for Preferred Shares under the Offering Memorandum Exemption who are “eligible investors” as persons described in the Accredited Investor Exemption.

TO: RESCO Mortgage Investment Corporation

(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached)

In connection with the execution by the undersigned subscriber (the “**Subscriber**”) of the Subscription Agreement which this Exhibit forms a part of, the Subscriber hereby represents, warrants, covenants and certifies that:

1. the Subscriber is resident in the jurisdiction set out as the “Subscriber's Address” on the face page of the Subscription Agreement;
2. the Subscriber is either: (i) purchasing the Preferred Shares as principal for its own account, or (ii) is deemed to be purchasing the Preferred Shares as principal in accordance with subsection 2.3(2) or (4) of NI 45-106;
3. the Subscriber was not created, and is not used, solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of “accredited investor” in NI 45-106;
4. the Subscriber is an “accredited investor” within the meaning of NI 45-106 or the *Securities Act* (Ontario), where applicable, by virtue of satisfying the indicated criterion set out below:

[Instruction: Initial beside the applicable description]

- _____ (a) (i) except in Ontario, a Canadian financial institution or a Schedule III bank; or
- _____ (ii) in Ontario, (A) a bank listed in Schedule I, II or III to the *Bank Act* (Canada); (B) an association to which the *Cooperative Credit Association Act* (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act; or (C) a loan corporation, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be;
- _____ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- _____ (c) (i) except in Ontario, a subsidiary of any person referred to in paragraphs (a)(i) 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;
- _____ (ii) in Ontario, a subsidiary of any person referred to in paragraphs (a)(ii) 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;
- _____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;

- _____ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);
- _____ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- _____ (f) 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;
- _____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the *Comité de gestion de la taxe scolaire de l'île de Montréal* or an intermunicipal management board in Québec;
- _____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- _____ (i) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- _____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$1,000,000; **[Instruction: If you select this paragraph (j), complete the Risk Acknowledgement in Exhibit 1 (PART II)];**
- _____ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000;
- _____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 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; **[Instruction: If you select this paragraph (k), complete the Accredited Investor Risk Acknowledgement in Exhibit 1 (PART II)];**
- _____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000; **[Instruction: If you select this paragraph (l), complete the Risk Acknowledgement in Exhibit 1 (PART II)];**

(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be initialed.)

- _____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;
- _____ (n) 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,
- (ii) a person that acquires or acquired securities in the circumstances referred to in Sections 2.10 [*Minimum amount investment*] or 2.19 [*Additional investment in investment funds*] of NI 45-106, or;

- (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under Section 2.18 [*Investment fund reinvestment*] of NI 45-106;
- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator, or in Québec, the securities regulatory authority, has issued a receipt;
- _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- _____ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- _____ (r) a registered charity under the *Tax Act* 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;
- _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- _____ (t) 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;
- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- _____ (v) (i) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor;
- _____ (ii) in Ontario, a person that is recognized or designated by the Ontario Securities Commission as an accredited investor; or
- _____ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the Trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

For the purposes hereof, the following definitions are included for convenience:

- (a) “**affiliate**” means an issuer connected with another issuer because
 - (i) one of them is the subsidiary of the other, or
 - (ii) each of them is controlled by the same person;
- (b) “**bank**” means a bank named in Schedule I or II of the *Bank Act* (Canada);

- (c) **“beneficial ownership”** of securities by a person occurs
- (i) for the purposes of British Columbia, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Ontario and Saskatchewan securities law, when such securities are beneficially owned by
 - (A) an issuer controlled by that person; or
 - (B) an affiliate of that person or an affiliate of an issuer controlled by that person;
 - (ii) for the purposes of Alberta securities law, when such securities are beneficially owned by
 - (A) an issuer controlled by that person or an affiliate of that issuer;
 - (B) an affiliate of that person; or
 - (C) through a trustee, legal representative, agent or other intermediary of that person;
- (d) **“Canadian financial institution”** means
- (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (e) **“consultant”** means, for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that
- (i) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution,
 - (ii) provides the services under a written contract with the issuer or a related entity of the issuer, and
 - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer
- and includes
- (iv) for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner; and
 - (v) for a consultant that is not an individual, an employee, executive officer, or director of the consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer.
- (f) **“control”** or **“controlled”** means
- (i) for the purposes of Alberta securities law, a person or company is considered to control another person or company if the person or company, directly or indirectly, has the power to direct the management and policies of the other person or company by virtue of
 - (A) the ownership or direction of voting securities of the other person or company,

- (B) a written agreement or trust instrument,
 - (C) being the general partner or controlling the general partner of the other person or company, or
 - (D) being the trustee of the other person or company;
- (ii) and, for the purposes of British Columbia, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Ontario and Saskatchewan securities law, an issuer is deemed to be controlled by another person or company or by two or more companies where:
- (A) voting securities of the issuer carrying more than 50% of the votes for the election of directors are held, other than by way of security only, by or for the benefit of the other person or company or by or for the benefit of the other companies; and
 - (B) the votes carried by those securities are entitled, if exercised, to elect a majority of the board of directors of the issuer;
- (g) **“control person”** has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Québec, where control person means any person that holds or is one of a combination of person that holds
- (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or
 - (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;
- (h) **“director”** means
- (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and
 - (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;
- (i) **“eligibility adviser”** means
- (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and
 - (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not
 - (A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and
 - (B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

- (j) **“executive officer”** means, for an issuer, an individual who is
 - (i) a chair, vice-chair or president,
 - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
 - (iii) performing a policy-making function in respect of the issuer;
- (k) **“financial assets”** means
 - (i) cash,
 - (ii) securities, or
 - (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (l) **“foreign jurisdiction”** means a country other than Canada or a politician subdivision of a country other than Canada;
- (m) **“founder”**, means, in respect of an issuer, a person who,
 - (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
 - (ii) at the time of the trade is actively involved in the business of the issuer;
- (n) **“fully managed account”** means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (o) **“individual”** means a natural person, but does not include
 - (i) a partnership, unincorporated association, unincorporated syndicate, unincorporated organization or a trust, or
 - (ii) a natural person in the person's capacity as trustee, executor, administrator or other legal representative;
- (p) **“investment fund”** means a mutual fund or non-redeemable investment fund, and, for greater certainty in British Columbia, includes an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments and a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c.429 whose business objective is making multiple investments and in Québec any reporting issuer referred to in subsection 1.2(4) of Regulation 81-106 respecting investment fund continuous disclosure adopted under the *Securities Act* (Québec);
- (q) **“jurisdiction”** means a province or territory of Canada except when used in the term “foreign jurisdiction”;
- (r) **“local jurisdiction”** means the jurisdiction in which the applicable securities regulatory authority is situate;

- (s) **“mutual fund”** means:
- (i) for the purposes of Alberta, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island and Saskatchewan securities law, an issuer of securities that entitles the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer of the securities;
 - (ii) and, for the purposes of British Columbia securities law, also includes
 - (A) an issuer described in an order that the British Columbia Securities Commission may make pursuant to section 3.2 of the *Securities Act* (British Columbia); and
 - (B) an issuer that is in a class of prescribed issuers,
 but does not include an issuer, or a class of issuers, described in an order that the British Columbia Securities Commission may make under section 3.1 of the *Securities Act* (British Columbia);
 - (iii) and, for the purposes of New Brunswick securities law, also includes
 - (A) an issuer that is deemed to be a mutual fund in an order made by the Commission under subsection 1.1(2) of the *Securities Act* (New Brunswick); and
 - (B) an issuer or a class of issuers prescribed by regulation,
 but does not include an issuer, or a class of issuers, described in an order that the New Brunswick Securities Commission may make under subsection 1.1(1) of the *Securities Act* (New Brunswick) or by regulation;
- (t) **“non-redeemable investment fund”** means an issuer,
- (i) whose primary purpose is to invest money provided by its securityholders,
 - (ii) that does not invest,
 - (A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
 - (iii) that is not a mutual fund;
- (u) **“permitted assign”** means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer,
- (i) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,
 - (ii) a holding entity of the person,
 - (iii) an RRSP or a RRIF of the person,
 - (iv) a spouse of the person,

- (v) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,
 - (vi) a holding entity of the spouse of the person, or
 - (vii) an RRSP or a RRIF of the spouse of the person;
- (v) **“person”** includes
- (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
 - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (w) **“regulator”** means:
- (i) the Executive Director, as defined under section 1 of the *Securities Act* (Alberta);
 - (ii) the Executive Director, as defined under section 1 of the *Securities Act* (British Columbia); and
 - (iii) such other person as is referred to in Appendix D of National Instrument 14-101 – Definitions;
- (x) **“related entity”** means, for an issuer, a person that controls or is controlled by the issuer or that is controlled by the same person that controls the issuer;
- (y) **“related liabilities”** means
- (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
 - (ii) liabilities that are secured by financial assets;
- (z) **“Schedule III bank”** means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (aa) **“securities legislation”** means:
- (i) for Alberta, the *Securities Act* (Alberta) and the regulations and rules under such Act and the blanket rulings and orders issued by the Alberta Securities Commission; and
 - (ii) for other Canadian jurisdictions, such other statutes and instruments as are listed in Appendix B of National Instrument 14-101 – Definitions;
- (bb) **“securities regulatory authority”** means:
- (i) the Alberta Securities Commission;
 - (ii) in respect of any local jurisdiction other than Alberta, means the securities commission or similar regulatory authority listed in Appendix C of National Instrument 14-101 – Definitions;
- (cc) **“spouse”** means, an individual who,

- (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
 - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
 - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);
- (dd) “**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary;
- (ee) a person (first person) is considered to “**control**” another person (second person) if:
- (i) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation;
 - (ii) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership; or
 - (iii) the second person is a limited partnership and the general partner of the limited partnership is the first person.

Upon execution by the Subscriber, this Accredited Investor Exemption Representation Letter shall be incorporated into and form a part of the Subscription Agreement to which it is attached.

EXECUTED by the Subscriber this ____ day of _____, 20__.

Full Legal Name of Subscriber (please print)

By:

Signature of Subscriber or its Authorized Representative

Official Title or Capacity (please print)

Name of signatory (please print name of individual whose signature appears above if different than name of Subscriber)

EXHIBIT 1 (PART II)

ACCREDITED INVESTOR RISK ACKNOWLEDGEMENT

INSTRUCTION: must be completed by all individual subscribers subscribing for Preferred Shares under the Accredited Investor Exemption, who fall under subsections (J), (K) or (L) of the definition of “accredited investor” as set out in EXHIBIT 1 (PART I).

WARNING!

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITYHOLDER**1. About your investment**

Type of securities:	Class B Preferred Shares	Issuer:	RESCO Mortgage Investment Corporation
Purchased from:	RESCO Mortgage Investment Corporation		

SECTION 2 TO 4 TO BE COMPLETED BY PURCHASER**2. Risk acknowledgement**

The investment is risky. Initial that you understand that:	Your Initials
Risk of loss – You could lose your entire investment of \$ _____. <i>[Instructions: Insert the total dollar amount of the investment.]</i>	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to you, about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca	

3. Accredited investor status

You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your Initials
<ul style="list-style-type: none"> Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.) 	
<ul style="list-style-type: none"> Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities. 	
<ul style="list-style-type: none"> Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.) 	

4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant, or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITYHOLDER	
6. For more information about this investment	
RESCO Mortgage Investment Corporation 360 Highway 7 East, Unit 28, Richmond Hill, Ontario L4B 3Y7 Attention: Chris M. K. Cheng, Chief Operating Officer	Telephone: +1 (905) 886-8786 Fax: +1 (905) 889-4155 Email: info@rescominc.ca Website: http://www.rescominc.ca/

For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.

Form instructions:

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. **Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser.** The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

EXHIBIT 2

OFFERING MEMORANDUM EXEMPTION REPRESENTATION LETTER

INSTRUCTION: Must be completed by all subscribers residing outside of British Columbia or Newfoundland and Labrador subscribing for Preferred Shares under the Offering Memorandum Exemption.

TO: RESCO Mortgage Investment Corporation

(Capitalized terms not specifically defined in this Exhibit have the meaning ascribed to them in the Subscription Agreement to which this Exhibit is attached.)

In connection with the execution by the undersigned subscriber (the “**Subscriber**”) of the Subscription Agreement which this Exhibit forms a part of, the Subscriber hereby represents, warrants, covenants and certifies that:

1. The Subscriber is resident in the jurisdiction set out as the “Subscriber's Address” on the face page of the Subscription Agreement.
2. The Subscriber is either: (i) purchasing the Preferred Shares as principal for its own account, or (ii) is deemed to be purchasing the Preferred Shares as principal in accordance with subsection 2.3(2) or (4) of NI 45-106.
3. The Subscriber was not created, and is not used, solely to purchase or hold securities in reliance on the exemption from the prospectus requirements set out in Section 2.9 of NI 45-106.

4. If the Subscriber is an individual, the Subscriber is: **[Instruction: Initial beside the applicable description]**

- _____ (a) is not an “eligible investor” as such term is defined in NI 45-106; or
- _____ (b) is an “eligible investor” as such term is defined in NI 45-106.

5. If the Subscriber has indicated that it is an “eligible investor” in 4(b) above, the Subscriber is an “eligible investor” by virtue of being: **[Instruction: Initial beside the applicable description]**

- (a) a person whose:
 - _____ (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000;
 - _____ (ii) net income before taxes exceeded \$75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year; or
 - _____ (iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year;
- _____ (b) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors;
- _____ (c) a general partnership of which all of the partners are eligible investors;
- _____ (d) a limited partnership of which the majority of the general partners are eligible investors;

- _____ (e) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are eligible investors;
- _____ (f) an accredited investor (as such term is defined in NI 45-106 or, where applicable, section 73.3(1) of the *Securities Act* (Ontario)). **[Instruction: If you select this paragraph (f), complete Exhibit 1]**
- _____ (g) a person described under section 2.9 [*Family, friends and business associates*] of NI 45-106; **[Instruction: If you select this paragraph (g), complete Exhibit 3 (Part II) – Schedule 1, Section D (*Friends, Family and Business Associates*)], or**
- (h) in Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon, a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser.

“**eligibility adviser**” means:

- (a) a person or company that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and;
- (b) in Manitoba, a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:
- (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders or control persons; and
- (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months.

For the purposes hereof, the following definitions are included for convenience:

- (a) “**person**” includes: (i) an individual; (ii) a corporation; (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative; and
- (b) “**spouse**” means, an individual who: (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual; (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender; or (iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta).

Upon execution by the Subscriber, this Offering Memorandum Exemption Representation Letter shall be incorporated into and form a part of the Subscription Agreement to which it is attached.

EXECUTED by the Subscriber this ____ day of _____, 20__.

Full Legal Name of Subscriber (please print)

By:

Signature of Subscriber or its Authorized Representative

Official Title or Capacity (please print)

Name of Signatory (please print name of individual whose signature appears above if different than name of Subscriber)

EXHIBIT 3 (PART I)

OFFERING MEMORANDUM RISK ACKNOWLEDGEMENT

INSTRUCTION: Must be completed by all subscribers subscribing for Preferred Shares under the Offering Memorandum Exemption.

RISK ACKNOWLEDGEMENT

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$ _____ [total consideration] in total; this includes any amount I am obliged to pay in future.

RESCO Mortgage Investment Corporation will pay \$ _____ [amount of fee or commission] of this to _____ [name of dealership selling the securities] and \$ _____ [amount of fee or commission] to _____ [name of person selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

_____ Date

_____ Signature of Subscriber

_____ Print name of Subscriber

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You have 2 business days to cancel your purchase.

To do so, send a notice to the Corporation stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to the Corporation at its business address. Keep a copy of the notice for your records.

Issuer Name and Address: RESCO Mortgage Investment Corporation
Unit 28 - 360 Highway 7 East
Richmond Hill, Ontario L4B 3Y7
Fax: +1 (905) 889-4155 Email: info@rescomic.ca

You are buying Exempt Market Securities

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections); and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum. Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

The securities you are buying are not listed. The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer. A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority.

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Telephone: (604) 899-6500
Toll free in British Columbia and Alberta 1-800-373-6393
Facsimile: (604) 899-6506

Alberta Securities Commission

Suite 600, 250-5th Street SW
Calgary, AB T2P 0R4
Telephone: (403) 297-6454
Facsimile: (403) 297-6156

Saskatchewan Financial Services Commission

Suite 601-1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

The Manitoba Securities Commission

500 - 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2548
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330

Ontario Securities Commission

Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Toll free in Canada 1-877-785-1555
Facsimile: (416) 593-8122
Public official contact regarding indirect collection of information:
Administrative Support Clerk
Telephone (416) 593-3684

Autorité des marchés financiers

800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337
Or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)

New Brunswick Financial and Consumer Services Commission

85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll Free in New Brunswick 1-866-933-2222
Facsimile: (506) 658-3059

Nova Scotia Securities Commission

Suite 400, 5251 Duke Street
Halifax, Nova Scotia B3J 1P3
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Government of Newfoundland and Labrador

Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, NFLD A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Government of Yukon

Office of the Yukon Superintendent of Securities
307 Black Street, 1st Floor
P.O. Box 2703 (C-6)
Whitehorse, YT Y1A 2C6
Telephone: (867) 667-5466
Facsimile: (867) 393-6251

Government of Northwest Territories

Office of the Superintendent of Securities
Deputy Superintendent, Legal & Enforcement
1st Floor, Stuart M. Hodgson Building
5009 – 49th Street
P.O. Box 1320
Yellowknife, NT X1A 2L9
Telephone: (867) 920-8984
Facsimile: (867) 873-0243

Government of Nunavut

Department of Justice
Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594

Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.

**EXHIBIT 3 (PART II)
SCHEDULE 1**

CLASSIFICATION OF INVESTORS UNDER THE OFFERING MEMORANDUM EXEMPTION

INSTRUCTIONS: This schedule must be completed together with the Offering Memorandum Exemption Risk Acknowledgment Form (above) and Schedule 2 (see next page) by individuals purchasing securities under the Offering Memorandum Exemption in Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan.

This schedule must be completed together with the Offering Memorandum Exemption Risk Acknowledgment Form (above) by persons purchasing securities under the Offering Memorandum Exemption in Manitoba or Prince Edward Island who are “eligible investors” as persons described in section 2.5 [*Family, friends and business associates*] of NI 45-106.

How you qualify to buy securities under the offering memorandum exemption:

Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A.

A. You are an eligible investor because:		Your Initials
ELIGIBLE INVESTOR	Your net income before taxes was more than \$75,000 in each of the 2 most recent calendar years, and you expect it to be more than \$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than \$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Either alone or with your spouse, you have net assets worth more than \$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.)	

B. You are an eligible investor, as a person described in section 2.3 [<i>Accredited investor</i>] of NI 45-106 or, as applicable in Ontario, subsection 73.3(1) of the <i>Securities Act</i> (Ontario), because:		Your Initials
ACCREDITED INVESTOR	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
	Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.	
	Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
	Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets, including real estate, minus your total debt.)	

C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106, because:		Your Initials
FAMILY, FRIENDS AND BUSINESS ASSOCIATES	<p>You are:</p> <ul style="list-style-type: none"> 1) [check all applicable boxes] <ul style="list-style-type: none"> <input type="checkbox"/> a director of the issuer or an affiliate of the issuer <input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer <input type="checkbox"/> a control person of the issuer or an affiliate of the issuer <input type="checkbox"/> a founder of the issuer <p>OR</p> <ul style="list-style-type: none"> 2) [check all applicable boxes] <ul style="list-style-type: none"> <input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above <input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above <p>You are a family member of _____ [Instruction: Insert the name of the person who is your relative either directly or through his or her spouse], who holds the following position at the issuer or an affiliate of the issuer: _____</p> <p>You are the _____ of that person or that person's spouse. [Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</p> <p>You are a close personal friend of _____ [Instruction: Insert the name of your close personal friend], who holds the following position at the issuer or an affiliate of the issuer: _____</p> <p>You have known this person for _____ years.</p> <p>You are a close business associate of _____ [Instruction: Insert the name of your close business associate], who holds the following position at the issuer or an affiliate of the issuer: _____</p> <p>You have known this person for _____ years.</p>	
D. You are not an eligible investor.		Your Initials
NOT AN ELIGIBLE INVESTOR	<p>You acknowledge that you are not an eligible investor.</p>	

**EXHIBIT 3 (PART II)
SCHEDULE 2**

INVESTMENT LIMITS FOR INVESTORS UNDER THE OFFERING MEMORANDUM EXEMPTION

INSTRUCTIONS: This schedule must be completed together with the Offering Memorandum Exemption Risk Acknowledgment Form (above) and Exhibit 3 (Part II) Schedule 1 (see previous page) by individuals purchasing securities under the exemption (the offering memorandum exemption) in section 2.9 of NI 45-106 in Alberta, New Brunswick, Nova Scotia, Ontario or Saskatchewan.

SECTION 1 – TO BE COMPLETED BY THE PURCHASER

1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption.

You may be subject to annual investment limits that apply to all securities acquired under the offering memorandum exemption in a 12 month period, depending on the criteria under which you qualify as identified in Exhibit 3 (Part II) Schedule 1. Initial the statement that applies to you.

A. You are an eligible investor.		Your Initials
As an eligible investor that is an individual, you cannot invest more than \$30,000 in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule, that your investment is suitable.		
Initial one of the following statements:		
ELIGIBLE INVESTOR	You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$30,000 in all offering memorandum exemption investments made in the previous 12 months.	
	You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule that the following investment is suitable.	
	You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of \$100,000 .	
B. You are an eligible investor, as a person described in section 2.3 [<i>Accredited investor</i>] of NI 45-106 or, as applicable in Ontario, subsection 73.3(1) of the <i>Securities Act</i> (Ontario).		Your Initials
ACCREDITED INVESTOR	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [<i>Accredited investor</i>] of NI 45-106 or, as applicable in Ontario, subsection 73.3(1) of the <i>Securities Act</i> (Ontario), you are not subject to investment limits.	
C. You are an eligible investor, as a person described in section 2.5 [<i>Family, friends and business associates</i>] of NI 45-106.		Your Initials
FAMILY, FRIENDS AND BUSINESS ASSOCIATES	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [<i>Family, friends and business associates</i>], you are not subject to investment limits.	

D. You are not an eligible investor		Your Initials
NOT AN ELIGIBLE INVESTOR	<p>You acknowledge that you cannot invest more than \$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p> <p>You confirm that, after taking into account your investment of \$ _____ _____ today in this issuer, you have not exceeded your investment limit of \$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p>	

SECTION 2 – TO BE COMPLETED BY THE REGISTRANT	
2. Registrant information	
[Instruction: This section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]	
First and last name of registrant (please print):	
Registered as:	
[Instruction: Indicate whether registered as a dealing representative or advising representative.]	
Telephone:	Email:
Name of Firm:	
[Instruction: Indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]	
Date:	

EXHIBIT 4**ELECTRONIC DELIVERY OF DOCUMENTS**

The following are the terms of electronic delivery of the documents and/or types of documents listed below that the Corporation may elect to deliver by electronic means unless the Subscriber provides notice that they do not wish to receive documents by such means of delivery. The Subscriber agrees to provide a facsimile number and/or email address on request. For purposes hereof, "deliverer" means the Corporation or its representatives responsible for delivering documents to the Subscriber, as appropriate.

1. The documents and/or types of documents which are covered by this consent to electronic delivery include notices, reports, financial statements, tax information, general correspondence and other documentation or information related to the Corporation, including the following:
 - Subscription documents;
 - Offering Memorandum, including all updates and/or amendments to the Offering Memorandum;
 - Periodic financial statements, including annual audited financial statements;
 - Tax information, including annual tax slips; and
 - Amendments of any such documents and/or types of documents.
2. In the event the deliverer receives notice that a facsimile or email sent to the Subscriber was not received by the Subscriber, a paper copy of the relevant documents will be sent by regular mail. In the event the deliverer does not receive any notice that a facsimile or email sent to the Subscriber was not received by the Subscriber, the deliverer shall be entitled to assume the facsimile or email and the attached documents were actually received by the Subscriber.
3. All the Subscribers who consent to email delivery of documents will be required to have a computer with Internet access, a working email account and the ability to read Microsoft Word and Excel files and Adobe Acrobat files. The Adobe Acrobat Reader can be obtained free of charge at the Adobe website at <http://www.adobe.com>. All documents delivered by email will be readable and may be viewed by using one or more of the above programs.
4. Documents sent in the following formats will be readable and may be viewed using the following programs:

File Type	Program
PDF file	Adobe Acrobat Reader
Excel file	Microsoft Excel
Word file	Microsoft Word
Jpeg file	Any internet browser
Html file	Any internet browser

At any time, the Subscriber may elect to receive paper copies of documents instead of or in addition to the electronic copies at no cost and the Subscriber may change the facsimile number or email address to which documents are delivered. The Subscriber may make such changes by providing notice of the same in writing by regular mail, fax or email to RESCO Mortgage Investment Corporation, 360 Highway 7 East, Unit 28, Richmond Hill, Ontario L4B 3Y7, Attention: Chief Operations Officer (fax no.: +1 (905) 889-4155, email: info@rescominc.ca) or such other address, fax number or email address as the Corporation may advise from time to time.