

5. Material Participation Narrative

South Carolina Affordable Housing Initiative, Inc. (“SCAHI, Inc.”) will materially participate in the Fernwood at Five Points project (“Project”). SCAHI, Inc. will have a 0.005% ownership interest in the Project as the sole member of the Managing Member, Fernwood MM, LLC. Please see Tab 7 Organization Chart for the complete ownership chart.

Furthermore, SCAHI, Inc. will materially participate as the non-profit instrumentality of the Housing Authority of the City of Columbia (“CHA”). At closing, the CHA will receive a \$700,000 Cash Payment (“Cash Payment”) in exchange for administering project-based vouchers for all 58 units at the Project. Additionally, the CHA will provide a Seller Note at closing in exchange for the transfer of land to the Project. Please see Tab 10 – Site Control Letter for more details.

Past development activities the nonprofit has participated in include:

- the selection of the architect, general contractor, and third party consultants;
- the approval of the plans and specifications;
- assisted in the preparation of financing applications.

Future participation will include:

- assisting in the financing closing;
- assisting in the owner representation of construction;
- monitoring the lease up of the development;
- asset managing the development after lease-up;
- managing the administration of the project-based subsidy; and
- coordinating the delivery of the services of the residents.

The material participation will be in excess of 300 hours per year as required by Section 42.