

APPLICATION

To

The City of Chattanooga

For

GENERAL FUND ALLOCATION

Fiscal Year July 1, 2013 – June 30, 2014

Submitted by:



**Chattanooga
Neighborhood
Enterprise, Inc.**

1301 Market Street, Suite 100
Chattanooga, Tennessee 37402-4098
Tel (423)756-6201; Fax (423) 756-3851



January 7, 2013

The Honorable Ron Littlefield, Mayor
And Members of the City Council, City of Chattanooga
1000 Lindsay Street
Chattanooga, TN 37402-4233

Re: 2012-2013 General Fund Application

Dear Mayor Littlefield and Members of the City Council:

It is my pleasure to submit for your review a request for General Fund support in the amount of \$1,000,000 for Chattanooga Neighborhood Enterprise, Inc. Over 26 years ago, CNE was born out of a vision of a few pioneering and civic-minded Chattanoogaans. We are proud of the work we have helped accomplish in the Chattanooga community since then, and are energetic about the work still left to be done.

In the last quarter century, CNE has been a vital partner in the renaissance that has shaped the vibrant Chattanooga we know and love today. With a mission of building and sustaining livable neighborhoods, we have helped thousands of families buy, improve or keep their homes—which equates to almost one quarter, or 22% of all Chattanooga homeowners! We have worked in over a dozen neighborhoods and been part of dramatic turnarounds in places like Orchard Village, MLK, and the Southside.

As you'll see in our enclosed annual report, CNE has had a remarkable impact on our local economy, investing over half a billion dollars in the local economy. Since founding, over 3,600 families have purchased a home with the help of CNE; 3,800 families have received home improvement loans and repair assistance through CNE; and 2,500 families at-risk of foreclosure have received counseling to keep their home.

While much has been accomplished since our founding, much remains to be done. With support from the City of Chattanooga, CNE can continue to transform neighborhoods and make our unique city the best of its size in the nation. I hope you will join in our excitement—even greater things are to come for Chattanooga in next 25 years, and we believe neighborhoods full of health and vitality can help lead the way.

If you or individual Council members have questions or need additional information, please feel free to call me at 756-6224.

Sincerely,

Ric Ebersole
Interim President and CEO



2. Executive Summary

EXECUTIVE SUMMARY: For the current fiscal year, Chattanooga Neighborhood Enterprise, Inc. (CNE) received a City General Fund grant of \$900,000 from the City of Chattanooga. For Fiscal Year 2014, CNE is requesting an investment of one million dollars (\$1,000,000) from the City General Fund in support of the following CNE activities that benefit low- and moderate-income residents of Chattanooga:

1. Homeownership Education and Counseling
2. Loans for Home Purchase
3. Police Homeownership Fund
4. Homeowner Rehabilitation Loans
5. Foreclosure Prevention Assistance
6. The Housing Info Line
7. Loan Servicing and Collections
8. Property Management and Disposition

Over 26 years ago, Chattanooga embarked on a noble endeavor to address the problem of deteriorating neighborhoods and unfit housing in our city. Out of many discussions and public meetings, Chattanooga Neighborhood Enterprise emerged as a new type of organization that could help improve the quality of life by building strong, sustainable neighborhoods and changing lives through homeownership.

The sheer volume of work that has been accomplished by and through CNE over the past quarter century is staggering. A total of more than 3,800 homes have been improved; over 3,600 families have become homeowners; 12,000 residents have participated in foreclosure prevention and homeownership services. In total, CNE has been the catalyst for a staggering investment of over \$500 million dollars in the local economy, and has provided services to almost ONE QUARTER (22%) of all Chattanooga homeowners.

However, the true value of CNE to the City and to its residents can be seen in economic times such as these. Still reeling from the Great Recession, homeowners are opting to keep their homes longer rather than sell at a loss. Consequently, CNE has recently seen an increase in the demand for home improvement financing. Similarly, a tighter mortgage lending market has led to increased demand for CNE's down payment and closing cost assistance loans, which are funded with HOME dollars.

Continued unemployment, an uncertain economy, and home value woes brought 620 homeowners to CNE in 2012 seeking assistance in preventing their homes from going into foreclosure. According to a national study released by the Urban Institute in December 2011, homeowners who received counseling were nearly twice as likely to obtain a mortgage modification and at least 67 percent more likely to remain current on their mortgage nine months later. Continued investments in the work of CNE will reap continued rewards such as these.

CNE responds to local demand for affordable housing in a responsible way through low-cost loans; by helping improve the existing housing supply through low-cost home improvement financing; and, by protecting our neighborhoods from the blight caused by large numbers of foreclosed properties. Our homeownership promotion line of business is designed to expand opportunities for more Chattanoogans to become homeowners—many of whom would not qualify without CNE assistance. Our comprehensive homeownership education and counseling services help families achieve homeownership the right way—ensuring that *homebuyers* become successful, lifelong *homeowners*. In addition, home purchase assistance program loans help make homeownership affordable

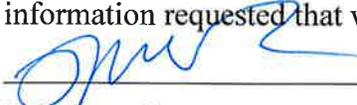
and attainable for many low- and moderate-income families. CNE provides the City with the added benefit of close to \$800,000 annually in CDBG and HOME program income from the City's \$15 million loan portfolio serviced by CNE. The support we are requesting would be used as follows:

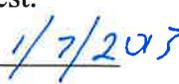
- \$180,000 **Foreclosure Prevention Education and Counseling**—Administrative funds to provide services to Chattanooga residents facing foreclosure, including counseling, loss mitigation and workout negotiations, and refinancing.
- \$90,000 **Lending Services for Home Purchase and Home Improvement Programs**—Administrative funds to provide loans and lending services related to originating CDBG and HOME funded loans to households earning below 80% area median income. Services include customer qualification and originating, processing, underwriting, and closing loans and providing post-closing auditing.
- \$200,000 **Homeownership Education and Counseling**—Administrative funds to provide services in pre- and post-purchase homeownership education and counseling.
- \$50,000 **Neighborhood Engagement**—CNE works closely with various neighborhood associations and the City Department of Neighborhood Services to build leadership capacity for better self-governance. As part of this effort, CNE has reclaimed blighted properties, converting them to valuable neighborhood open space.
- \$140,000 **Real Estate Services**—Administrative funds to provide disposition services of City-owned repossessed properties, and to provide property management services for 115 units of low-income rentals.
- \$340,000 **Operational and Administrative Support**—Funds in support of general administrative operations, including accounting, compliance, office administration, human resources functions, including benefits management, payroll and other services, and maintaining adequate physical space to service clients properly.

\$1,000,000 TOTAL REQUEST

We look forward to continuing our work with City Government in the public-private partnership that became a national model for its steadfast commitment to affordable housing and neighborhood revitalization. On behalf of the Board of Directors, the CNE staff, and the customers we serve, thank you for your continued support.

CNE will provide a detailed accounting of how and for what purpose municipal funds were spent, prior to the close of the City of Chattanooga's fiscal budget year and at the close of each succeeding fiscal budget year until all municipal funds have been spent by CNE. Assurance is also hereby provided that CNE will provide the City of Chattanooga with copies of current annual audits or reviews for each year that it spends funds appropriated to it by the City of Chattanooga. CNE will also provide any other information requested that will assist the City in its review of this funding request.


Ric Ebersole, Interim President and CEO


Date

3. Budget (Attachment F)

Attachment F: Budget Format

**CITY OF CHATTANOOGA
FY2013 Agency Funding Financial Form**

Account Category	Actual FY2010	Actual FY2011	Actual FY2012	Budget FY2013	Request FY2014	Incr (Decr) Request vs. FY13 Bud	% Change Request vs FY13 Bud
REVENUES							
Contributions							
Individuals/Private	500		150,000	50,000		-100000	-66.7%
Corporate/Organizations/Churches				125,000		125000	N/A
Fees/Grants from Governmental Agencies							
Federal	26,044	153,500	150,000	25,000		-125000	-83.3%
State	81,543	3,230,518	622,997	660,000		37003	5.9%
County						0	N/A
City of Chattanooga	2,261,756	2,676,952	2,436,207	1,773,155	1,000,000.00	-663052	-27.2%
Other Cities (Please list)						0	N/A
United Way							
Foundations (including grants)	1,554,777	545,635	100,000	190,000		90000	90.0%
Gross Proceeds Special Events						0	N/A
Other UWs/Federations						0	N/A
CFC/Designations received thru UWGC						0	N/A
UWGC Program Allocation						0	N/A
UWGC Special Funding						0	N/A
Membership Dues						0	N/A
Program Income				440,000		440000	N/A
Governmental Insurance						0	N/A
Private Insurance						0	N/A
Contracted Services						0	N/A
Fee for Services	462,567	365,985	241,820	341,763		99943	41.3%
Other Program Income	84,576	109,248				0	N/A
Sales to Public						0	N/A
Investment Income	4,644	15,148	5,000	90,350		85350	1707.0%
Miscellaneous	22,445	52,149				0	N/A
Other Revenues (Please list separately any major item)						0	N/A
Gain on Sale of Real Estate						0	N/A
Transfers in from other internal budgets						0	N/A
Income from Previous Year						0	N/A
TOTAL REVENUES	4,498,852	7,149,135	3,706,024	3,695,268	\$ (10,756.00)	-0.3%	
OPERATIONS							
Personnel Expenses							
Salaries	954,496	1,032,968	1,191,585	904,976		-286609	-24.1%
Fringe Benefits	12,243	12,356	16,048			-16048	-100.0%
Employee Health	121,167	142,058	131,746	67,642		-64104	-48.7%
Pension/Retirement	64,926	73,174	64,019	71,358		7339	11.5%
Payroll Taxes, etc.	83,204	93,655	96,200	86,331		-9869	-10.3%
Other (unemployment, life insurance, etc)	46,101	24,883	8,545	63,867		55322	647.4%
Total Personnel Expenses	1,282,137	1,379,094	1,508,143	1,194,174	(313,969.00)	-20.8%	

OPERATING EXPENSES

Administration

	Actual FY2010	Actual FY2011	Budget FY2012	Request FY2013	vs. FY12 Bud	FY12 Bud
Services						
Professional Fee & Contract service	177,955	311,401	178,665	220,484	41819	23.4%
Utilities	33,785	46,078	11,597	12,000	403	3.5%
Other	47,746	89,136	5,596	8,500		
Rent	83,221	97,282	84,420	145,800		
Travel/Transportation			12,200		-12200	-100.0%
Local	5,854	5,281		5,000		
Out of Town	2,571	24,929		39,900		
Insurance (not employee health)	47,326	47,073	40,000	55,000	15000	37.5%
Materials & Supplies	34,588	40,507	26,912	32,500	5588	20.8%
Telephone, Fax, ISP	30,620	28,398	12,921	14,000	1079	8.4%
Postage and Shipping	4,969	4,566	5,000	6,200	1200	24.0%
Occupancy/Building/Utilities	62,892	24,514	6,000	8,500	2500	41.7%
Equipment Rental and Maintenance (including contracts)					0	N/A
Outside Printing, Art Work, etc.	43,137	77,779		12,500	12500	N/A
Conferences, Conventions, etc.	58,726	68,125	70,000	25,000	-45000	-64.3%
Special Assistance to Individuals					0	N/A
National Dues/Support Payments					0	N/A
Organization Dues (other than above)	4,649	8,050	5,500	6,500	1000	18.2%
Awards and Grants	1,312,136	4,453,859	1,521,940	1,577,705	55765	3.7%
Fund Raising/Self-Support Activities			60,000	91,000	31000	51.7%
Miscellaneous	63,301	59,599	12,000	18,000	6000	50.0%
Equipment Purchases (incl. capital expenses)					0	N/A
Depreciation	137,551	117,725		88,338	88338	N/A
Taxes	41,518	40,764		48,000	48000	N/A
Investment Losses on Real Estate	308,180					
					0	N/A
Operating Expenses Total	2,500,725	5,545,066	2,052,751	2,414,927	362,176.00	17.6%
TOTAL OPERATIONS	3,782,862	6,924,160	3,560,894	3,609,101	48,207.00	1.4%
REVENUE OVER/ (UNDER) OPERATIONS	715,990	224,975	145,130	86,167	(58,963.00)	-40.6%

4. Charter

State of Tennessee



Department of State

Certificate

Attn: G. Calappa
37422

The undersigned, as Secretary of State of the State of Tennessee, hereby certifies that the attached document was received for filing on behalf of

CHATTANOOGA NEIGHBORHOODS, INC.

was duly executed in accordance with the Tennessee General Corporation Act, was found to conform to law and was filed by the undersigned, as Secretary of State, on the date noted on the document.

Therefore, the undersigned, as Secretary of State, and by virtue of the authority vested in him by law, hereby issues this certificate and attaches hereto the document which was duly filed on December 12th, 19 86.

12/23/86 MISC 5.00 **5.00 E

Hentry Crowell
Secretary of State

by *Carolyn Pixson*



DEC 23 8 49 AM '86
SARAH P. DEFRIESE
REGISTER
HAMILTON COUNTY
STATE OF TENNESSEE

IDENTIFICATION
REFERENCE

F 0 4 5 8:

SECRET
 1986 DEC 12 PM 4:26

CHARTER
OF
CHATTANOOGA NEIGHBORHOODS, INC.

The undersigned natural person, having capacity to contract and acting as the Incorporator of a corporation not for profit under the Tennessee General Corporation Act, adopts the following charter for the corporation:

1. Name. The name of the corporation is:
 Chattanooga Neighborhoods, Inc.
2. Duration. The duration of the corporation is perpetual.
3. Address of Principal Office. The address of the principal office of the corporation in the State of Tennessee is:
 Fourth Floor, First Tennessee Building
 701 Market Street
 Chattanooga, Hamilton County, Tennessee 37402
4. Not For Profit. The corporation is not for profit.
5. Purposes. The corporation is organized for all lawful purposes, including, without limitation the following general purposes:

To preserve, rehabilitate and prevent further deterioration of rental and home ownership units, including the encouragement of home ownership and rehabilitation through below market rate loans, the construction of new housing units, the development of a program for training in home maintenance and repair, the weatherization of all housing units, the requirement of concentrated code enforcement, and the promotion of neighborhood beautification and self-improvement projects such as paint-up campaigns and community gardening projects;

To eliminate substandard housing, and to make all housing in Chattanooga fit and livable;

The corporation shall not carry on any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law) or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law);

The entire income and principal of the assets of the corporation shall be held and distributed

SECRET

1986 DEC 12

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solely for charitable purposes. No part of the net earnings of the corporation shall inure to the benefit of any individual; no substantial part of its activities shall be the carrying on of propaganda or otherwise attempting to influence legislation; and it shall not participate in nor intervene in (including the publishing or distributing of statements) any political campaign on behalf of any candidate for public office or any referendum;

In the event this corporation is in any one year a "private foundation" as defined by Section 509(a) of the Internal Revenue Code of 1986 (or a successor statute of similar import), it shall be required to distribute its income for such taxable year at such time and in such manner as not to subject the foundation to taxation under Section 4942 of the Internal Revenue Code of 1986 (or a successor statute of similar import); and further shall be prohibited from: any act of "self dealing" as defined in Section 4941(d) of the Internal Revenue Code of 1986 (or a successor statute of similar import); from retaining any "excess business holdings" as defined by Section 4943(c) of the Internal Revenue Code of 1986 (or a successor statute of similar import); and from making any investments in such manner as to subject the corporation to taxation under Section 4944 of the Internal Revenue Code of 1986 (or a successor statute of similar import);

Subject always to the purposes and limitations described above, the corporation shall have all the rights, powers, privileges and benefits conferred upon corporations by the laws of the State of Tennessee; and

To do any or all of the things herein set forth, and all things, usual, necessary or proper in furtherance thereof or incidental thereto, to the same extent as natural persons might or could do, as principals, agents, contractors, trustees or otherwise, and either alone or in company with others.

6. Members. The corporation is to have no members.
7. Asset Distribution Upon Dissolution. In the event of the liquidation, dissolution or winding-up of the corporation, whether voluntary, involuntary or by operation of law, no distribution of assets of the corporation shall be made to any officer or director of the corporation, and all assets of the corporation shall be turned over to an organization recognized as tax exempt under Sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986 (as amended) or the corresponding provisions of any future Internal Revenue Service Code or to the federal, state, or local government for exclusively public purposes.

Dated: December 10, 1986


Robert P. Corker, Jr., Incorporator

State of Tennessee



Department of State

4th Floor, First Tennessee Bldg.
Chatt., Tenn., 37402

Certificate

The undersigned, as Secretary of State of the State of Tennessee, hereby certifies that the attached document was received for filing on behalf of

CHATTANOOGA NEIGHBORHOODS, INC. NAME CHANGED TO
CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.

was duly executed in accordance with the Tennessee General Corporation Act, was found to conform to law and was filed by the undersigned, as Secretary of State, on the date noted on the document.

05/07/87 MISC 5.00 **5.00 C

Therefore, the undersigned, as Secretary of State, and by virtue of the authority vested in him by law, hereby issues this certificate and attaches hereto the document which was duly filed on April 28th, 19 87.



Henry Crowell
Secretary of State
by Carolyn Pison

H 2 3 9 0
IDENTIFICATION
REFERENCE
MAY 7 8 39 AM '87
SARAH B. DE FRIESE
REGISTER
HAMILTON COUNTY
STATE OF TENNESSEE

FILED
SECRETARY OF STATE
1987 APR 28 PM 3:25

ARTICLES OF AMENDMENT TO THE CHARTER
OF
CHATTANOOGA NEIGHBORHOODS, INC.

The undersigned, an existing corporation organized under the laws of the State of Tennessee, adopts the following Articles of Amendment to its Charter:

1. Name. The name of the corporation is:
Chattanooga Neighborhoods, Inc.

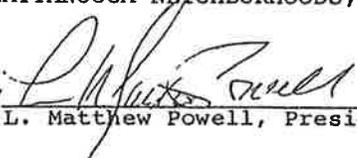
2. Amendment. The amendment adopted is: That the Charter of Chattanooga Neighborhoods, Inc. be amended to delete therefrom Paragraph 1 in its entirety and insert the following in lieu thereof:
 1. Name. The name of the corporation is:
Chattanooga Neighborhood Enterprise, Inc.

3. Amendment Adopted By Directors. The amendment was duly adopted at a meeting of the board of directors on April 23, 1987.

4. Effective Date. The amendment shall be effective upon the filing of these articles of amendment with the Tennessee Secretary of State.

Dated: April 23, 1987.

CHATTANOOGA NEIGHBORHOODS, INC.

By 
L. Matthew Powell, President

Corporations Section
James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 08/09/90
REQUEST NUMBER: 1882-0413
TELEPHONE CONTACT: (615) 741-0537
FILE DATE/TIME: 08/09/90 1041
EFFECTIVE DATE/TIME: 08/09/90 1041
CONTROL NUMBER: 0181853

Mail
ANT, KONVALINKA & GRUBBS, ATTYS
JOHN W. GRANT, JR.
3 CHESTNUT ST, 9TH
ATTANOOGA, TN 37450

ATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.
CHARTER AMENDMENT

WE WILL ACKNOWLEDGE THE FILING OF THE ENCLOSED DOCUMENT ON THE DATE
GIVEN ABOVE TO BE EFFECTIVE AS INDICATED.
PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF
THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS
PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.
IN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING,
PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

RE: CHARTER AMENDMENT

RECEIVED: \$10.00
ON DATE: 08/09/90

FROM:
ANT, KONVALINKA AND GRUBBS (REPUBLIC C
REPUBLIC CENTRE
1 FL 633 CHESTNUT
ATTANOOGA, TN 37450

RECEIPT NUMBER: 00001104923
ACCOUNT NUMBER: 00000440



Bryant Millsaps

BRYANT MILLSAPS
SECRETARY OF STATE

90 AUG -9 AM 10:41

ARTICLES OF AMENDMENT TO THE CHARTER

OF

SECRETARY OF STATE CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.

Pursuant to the provisions of Section 48-60-105 of the Tennessee Nonprofit Corporation Act, the undersigned corporation adopts the following articles of amendment to its charter:

1. The name of the corporation is: CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.

2. The text of each amendment adopted is: Address of Principal Office. The address of the principal office of the corporation in the State of Tennessee is:

Ninth Floor, Republic Centre 633 Chestnut Street Chattanooga, Tennessee 37450 County of Hamilton

Address of Registered Office and Name of Registered Agent.

(a) The street address and zip code of the corporation's registered office in the State of Tennessee is:

Ninth Floor, Republic Centre 633 Chestnut Street Chattanooga, Tennessee 37450 County of Hamilton

(b) The name of the registered agent to be located at the registered office address is Maurice R. Bowen, Jr.

3. The corporation is a nonprofit corporation.

4. The amendment was duly adopted on July 25, 1990 by the Board of Directors without members' approval, as such was not required.

5. Additional approval for the amendment (as permitted by Section 48-60-301 of the Tennessee Nonprofit Corporation Act) was not required.

6. The amendment is to be effective when these articles are filed by the Secretary of State.

Dated as of this 31st day of JULY, 1990.

08/14/90 5.00 **5.00 CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.

By: Robert Sheh

Title: CHAIRMAN

100218

REGISTRATION

06, 14 07

5588 107

5. IRS Exemption

Internal Revenue Service

Department of the Treasury

**P. O. Box 2508
Cincinnati, OH 45201**

Date: March 15, 2001

Person to Contact:
Shawndea Krebs 31-02330
Customer Service Representative

Chattanooga Neighborhood Enterprise, Inc.
535 Chestnut Street, Suite 100
Chattanooga, TN 37402-4908

Toll Free Telephone Number:
8:00 a.m. to 9:30 p.m. EST
877-829-5500

Fax Number:
513-263-3756

Federal Identification Number:
62-1300726

Dear Sir or Madam:

This letter is in response to your request for a copy of your organization's determination letter. This letter will take the place of the copy you requested.

Our records indicate that a determination letter issued in July 1987 granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Chattanooga Neighborhood Enterprise, Inc.
62-1300726

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

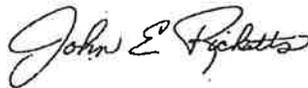
The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. If your organization had a copy of its application for recognition of exemption on July 15, 1987, it is also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,



John E. Ricketts, Director, TE/GE
Customer Account Services

6. Annual Report

CNE

CHATTANOOGA NEIGHBORHOOD ENTERPRISE

BUILDING & SUSTAINING LIVABLE NEIGHBORHOODS

2012 Annual Report





BUILD AND SUSTAIN LIVABLE NEIGHBORHOODS.

A driving force behind Chattanooga's renaissance over the past 25 years, CNE builds and sustains livable neighborhoods by promoting and preserving homeownership, making affordable loans, and encouraging neighborhood engagement and revitalization.



MY NEIGHBORHOOD
ROCKS

LIGHTS, CAMERA, TAKE ACTION.

CNE CHATTA

CNE
NeighborGood

June 2nd - June 9th 2010

BLOCK PARTY
CNE

YOU BELONG
CNE

We're on a Mission
CNE
Neighbors
A NEIGHBORHOOD ENTERPRISE

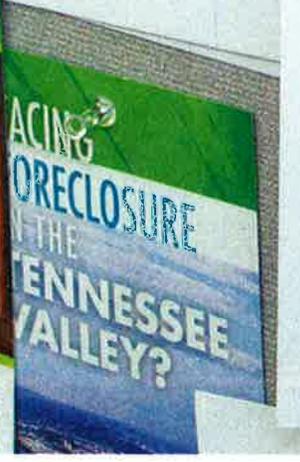
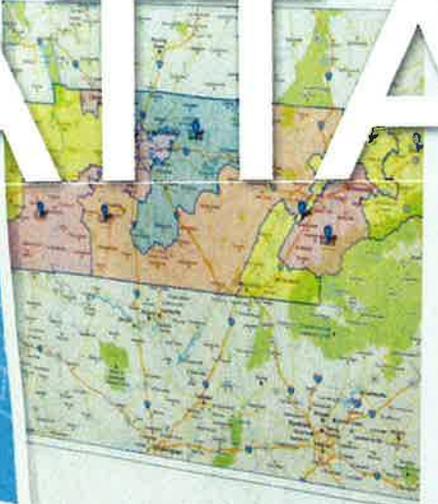
HELPING YOU
RENOVATE
YOUR HOME

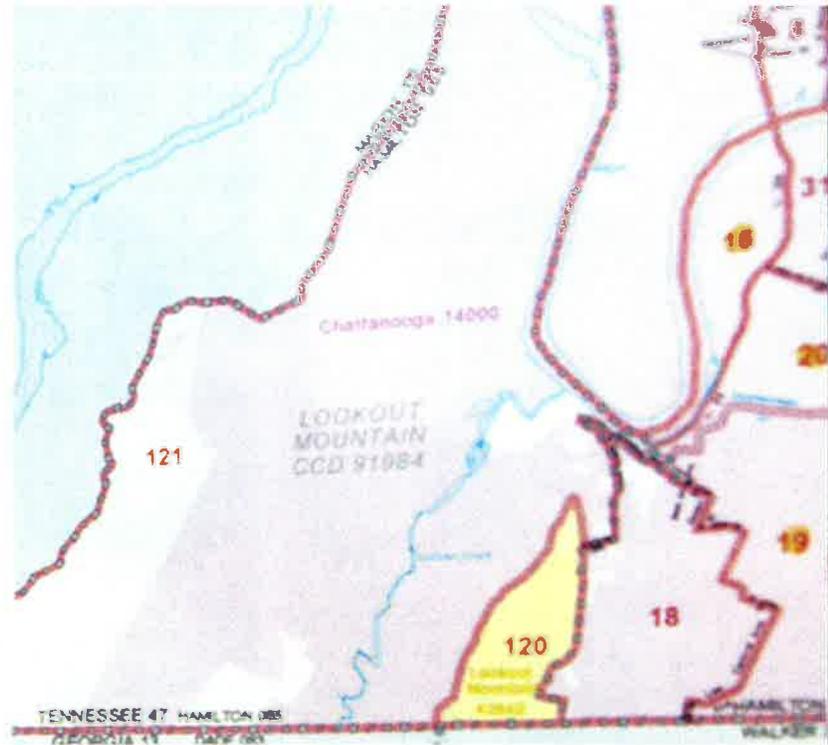
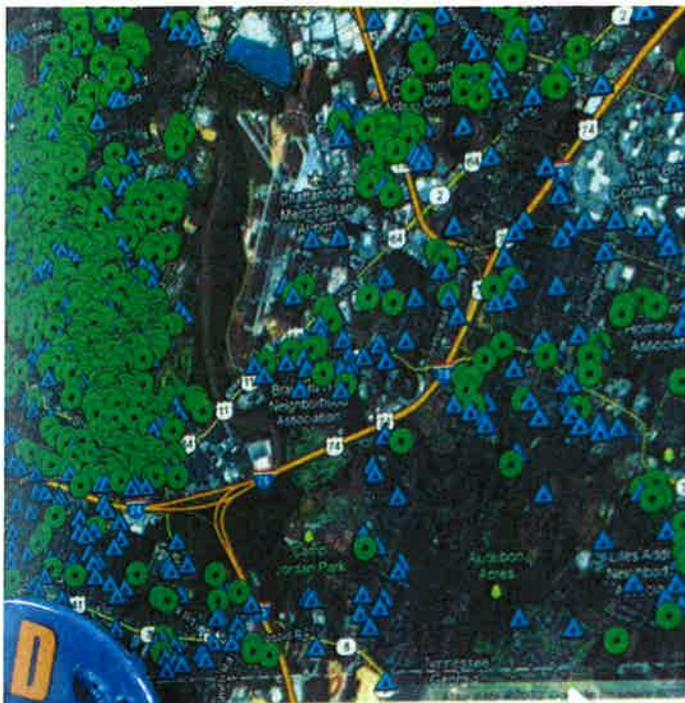
WORRIED ABOUT
LOSING YOUR HOME?

FACE
PRECLOSURE
IN THE
TENNESSEE
VALLEY?

offer
how to
- Metro
- CNE
- CNE
- CNE

list for
CNE
CNE
CNE





we're a mission to
LIVABLE NEIGHBORHOODS
new, green, energy-efficient homes
highest quality construction
convenient and historic neighborhoods
HOMES FOR SALE & JOIN US! Take a look at

Celebrating 25th Anniversary Chattanooga Neighborhood Enterprise

HONORING THE PAST...
We gathered current and former members of CNE's Board, staff and others at the...

BUSHTOWN 608 N. Holly: 3 bdrm/ 2 ba, \$124,200 with up to \$35,000 incentive

BUSHTOWN 616 N. Holly: 3 bdrm/ 2 ba, \$127,500 with up to \$35,000 incentive

BUSHTOWN 623 N. Holly: 3 bdrm/ 2 ba, \$130,000 with up to \$35,000 incentive

GROVEDALE 1802 Vine: 3 bdrm/ 2 ba, \$128,000, up to \$35,000 incentive

Logos: BETTER BUILT, LYNDHURST FOUNDATION

One of the proudest moments in life is being presented with the keys to a home you now own. Maybe that's why they call it the American dream.

The joy of homeownership is a feeling everyone should have the opportunity to experience. For more than 25 years, Chattanooga Neighborhood Enterprise has been making the American dream come true for families in our community.

Develop & Strengthen Partnerships

Communicate CNE's Mission & Results

Abandoned lot into the Glenwood Pocket Park with help from numerous partners.

PLANNING FOR THE FUTURE...
We launched our 25th anniversary fundraising campaign.
We develop...

CHATTANOOGA'S NEIGHBORHOODS

3,600

More homeowners:

3,600 families have purchased homes through CNE.

3,800

More renovations:

3,800 families have received home improvement loans and repair assistance through CNE.

2,500

Fewer foreclosures:

2,500 families have worked with CNE who were at risk of foreclosure.

CNE CHATTANOOGA

CNE works hard to ensure that construction of affordable housing doesn't skimp on quality; that families are offered the opportunity to purchase or improve their homes; and that everything possible is done to prevent foreclosure.

By providing the right tools and opportunity, CNE enables Chattanoogaans to improve their own housing situation — and make an investment in themselves. Empowering families not only helps create successful, lifelong homeowners but it also builds better neighborhoods. CNE programs target both the unique needs of the individual homeowners, as well as focus on the bigger picture of restoring and growing Chattanooga's neighborhoods.

In fact, CNE's mission is to build and sustain livable neighborhoods by providing homeownership education and counseling, making affordable home loans, home improvement loans and small business loans, and engaging residents and community partners — because creating healthy neighborhoods not only improves the quality of life for our homeowners, but for all Chattanoogaans.

25 years and counting

CNE is a non-profit organization created in 1986 as part of Vision 2000 — a plan for Chattanooga's future that included comprehensive neighborhood revitalization at the center of its vision for improving housing conditions.

CNE invests in Chattanooga

We do it by building and sustaining livable neighborhoods through affordable residential and small business loans, new home construction, homeownership counseling and community engagement.

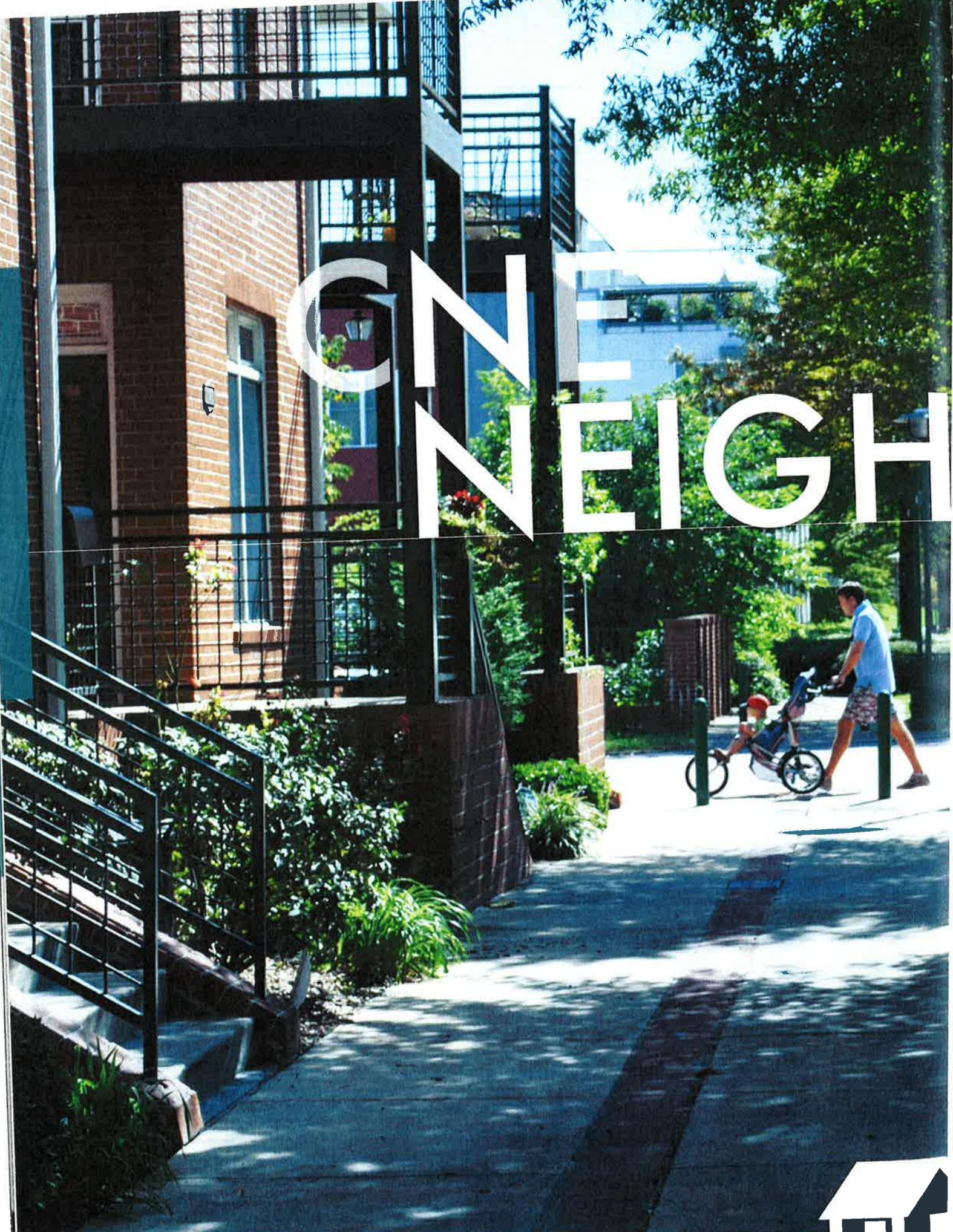
Award winning 2012

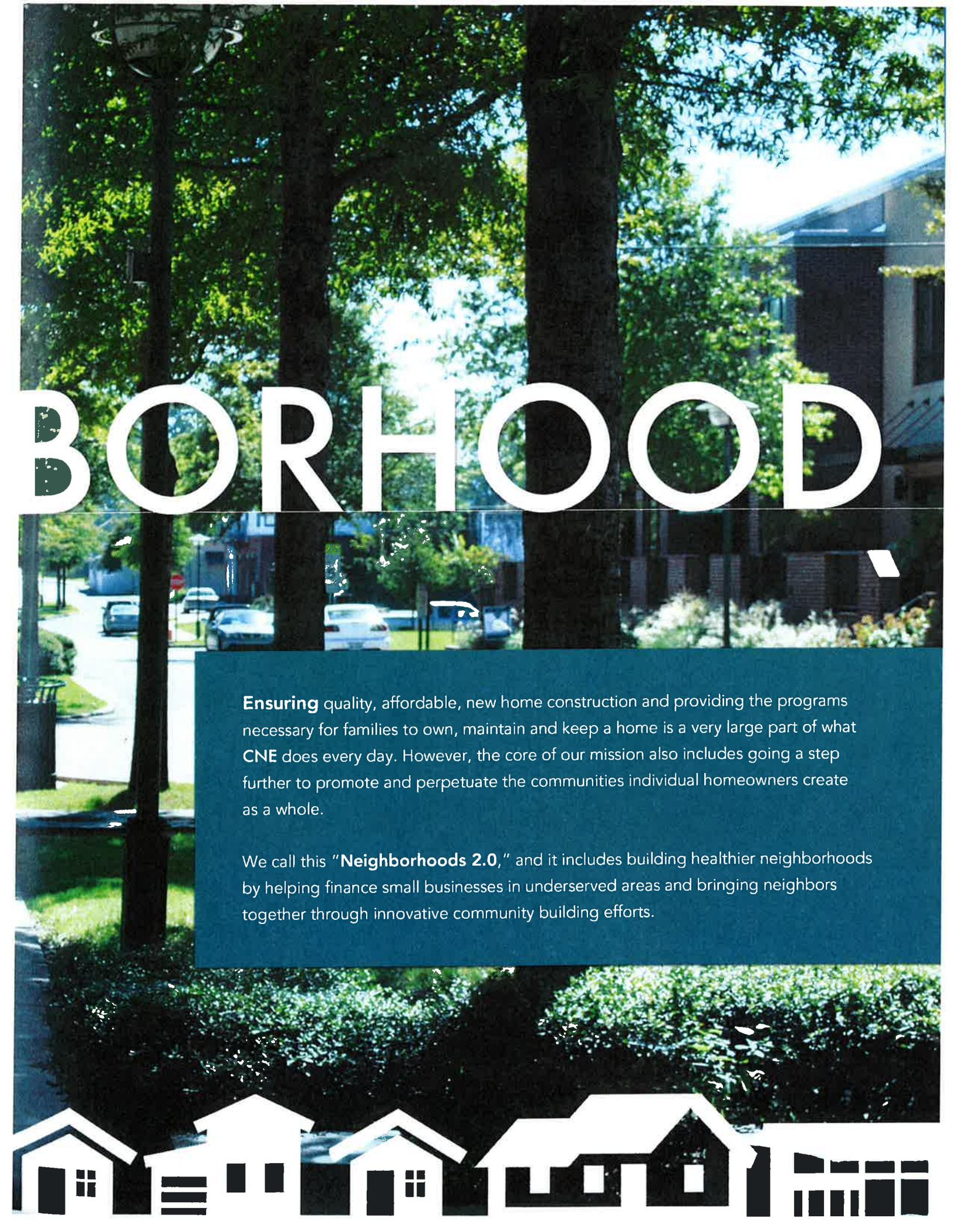
In addition to topping \$510 million in community investment over the last 25 years, CNE recently received Tennessee Housing Development Agency's Excellence in Partnership Award for our work building homes in Bushtown and Orchard Knob.

= 22%

Nearly 1/4 of all Chattanooga homeowners have been assisted in some way by CNE.

ONE NEIGH



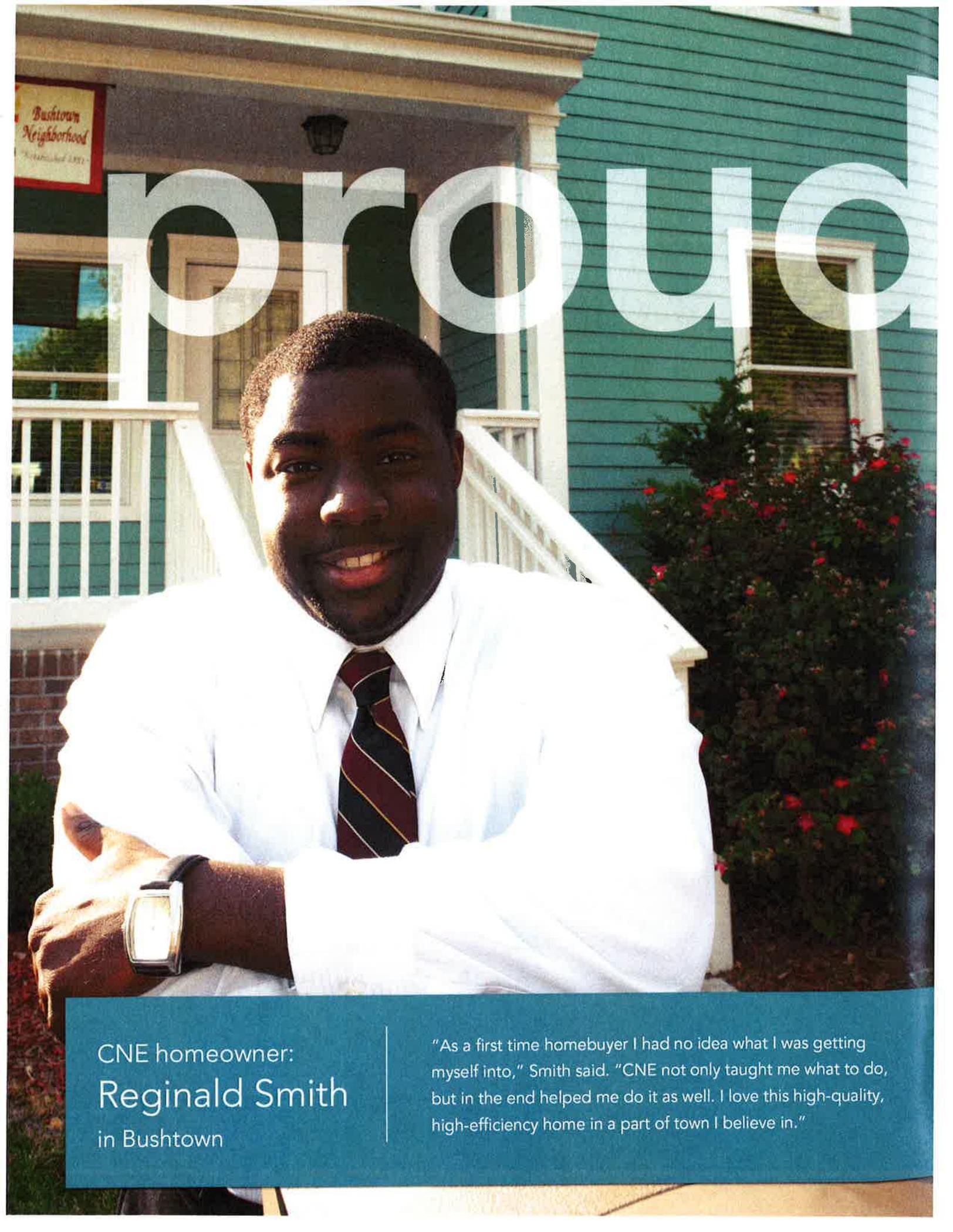


NEIGHBORHOOD

Ensuring quality, affordable, new home construction and providing the programs necessary for families to own, maintain and keep a home is a very large part of what **CNE** does every day. However, the core of our mission also includes going a step further to promote and perpetuate the communities individual homeowners create as a whole.

We call this "**Neighborhoods 2.0**," and it includes building healthier neighborhoods by helping finance small businesses in underserved areas and bringing neighbors together through innovative community building efforts.



A man in a white dress shirt and a striped tie is sitting on the white steps of a house. The house has green horizontal siding and a white porch railing. A sign on the porch reads "Bushtown Neighborhood" and "Established 1881". The word "proud" is written in large, white, lowercase letters across the top of the image, partially overlapping the man's head and the house.

proud

CNE homeowner:
Reginald Smith
in Bushtown

"As a first time homebuyer I had no idea what I was getting myself into," Smith said. "CNE not only taught me what to do, but in the end helped me do it as well. I love this high-quality, high-efficiency home in a part of town I believe in."

CNE NEIGHBORHOOD

homeownership

Owning a home is more than just a mortgage. Homeownership instills a sense of pride and financial stability that CNE knows directly correlates to improved health, increased political involvement and increased educational achievement.

CNE's nationally acclaimed homeownership program offers loan options with fair terms and below-market rates to low- and moderate-income borrowers seeking to purchase a home within some of Chattanooga's most historic neighborhoods.

Through a project called "3 East Tomorrow," CNE has joined forces with an array of partners to develop infill housing in three classic Chattanooga neighborhoods — Bushtown, Glenwood and Orchard Knob. This unique collection of resurging neighborhoods needed an extra push toward high quality new construction and renovation. Serving as a pilot partner for green|spaces' Better Built Program, CNE is committed to constructing affordable, energy efficient homes — 24 and counting — in these three vital neighborhoods.

Homeownership Impact 2012



CNE counseled **465** families and made **27** down payment loans and grants totaling **\$547,000** leveraging **\$2,007,000** in first mortgage investment.

GeekMove



Our newest program provides computer programmers and developers living outside of Chattanooga an opportunity to receive a forgivable loan to help offset the initial costs of relocating and purchasing a home in one of eight emerging neighborhoods. Designed to catalyze Chattanooga's reputation as a haven for technological entrepreneurship, GeekMove also helps Chattanooga take better advantage of its innovative, award-winning Gigabit Internet network.

Young and ambitious, Reginald Smith's dream of owning a home seemed like just that — a dream. Working for the school system, it was hard for Smith to save up for a down payment, let alone afford a house payment. But Smith never gave up. He discovered and successfully completed CNE's homeownership program, which provides counseling and financial advice to those aspiring to purchase a home. And, when the time was right, Smith purchased not only his dream home in Bushtown, but also a home that CNE developed.

CNE NEIGHBORHOOD

home improvement

Purchasing a home is only the first step of homeownership. This financial commitment also includes ongoing maintenance to protect and enhance a homeowner's investment. CNE offers a wide variety of loans and grants that enable homeowners to maintain their homes and improve energy efficiency.

Over the past 25 years, CNE has invested more than \$20 million toward home renovations and energy retrofits. A CNE Home Improvement Loan can be used for a variety of uses including fixing code violations or improving health and safety. Experience shows that an average investment of just \$15,000 per home has the power not only to renovate that one home, but can also increase surrounding property values, helping revitalize an entire neighborhood as well.

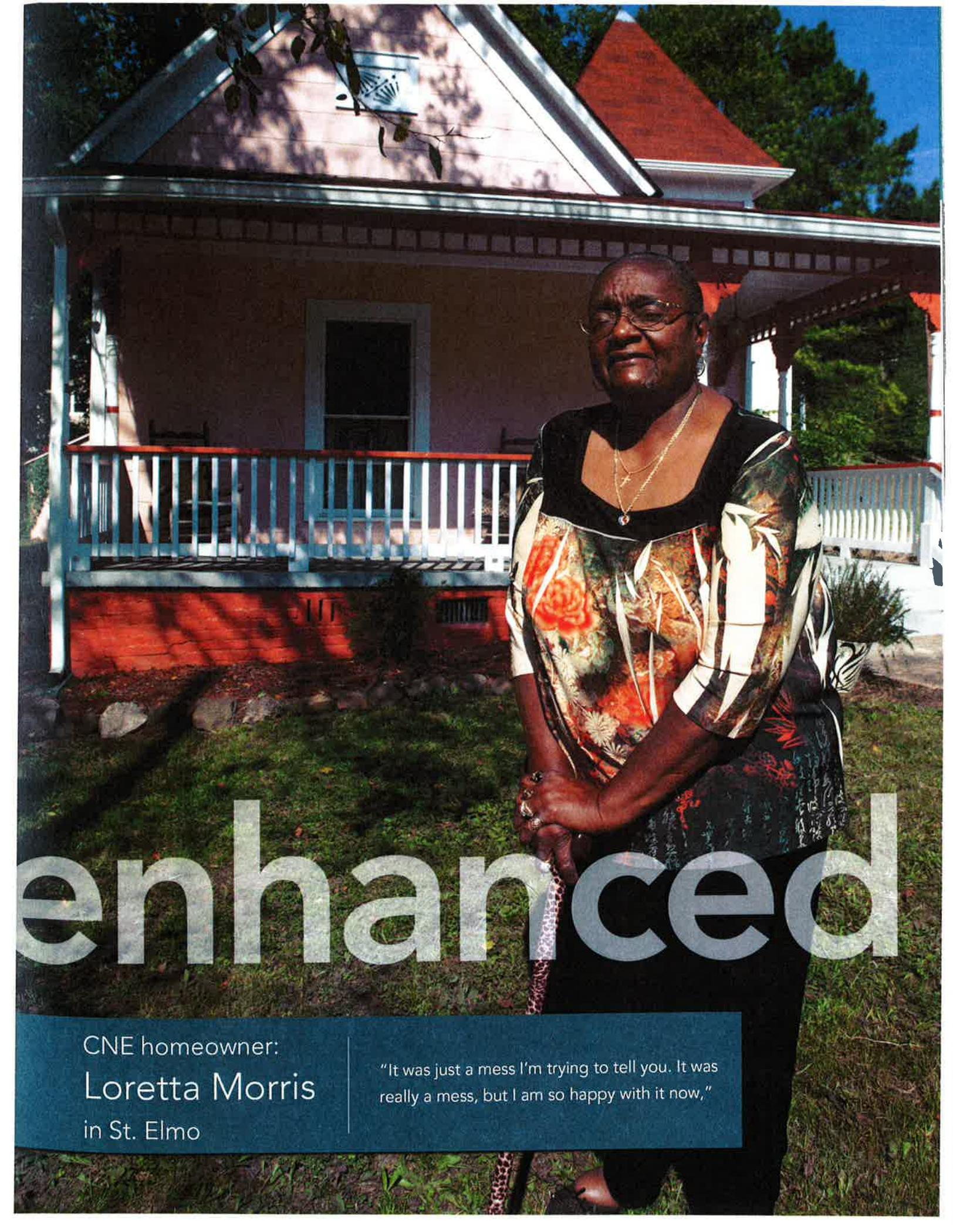
Through our creative partnership with the City of Chattanooga and the Department of Housing and Urban Development, CNE makes low interest loans to low- and moderate-income homeowners for repairs to their homes. More than 729 homeowners city-wide have taken advantage of the program, not only improving our vital communities, but recycling loan payments paid back into the city's coffers for a responsible, innovative and sustainable use of taxpayer dollars.



Home Renovation Impact – 2012

Last year, CNE made **17** rehab loans totaling **\$438,000** and provided grant funding for **75** weatherization jobs totaling **\$407,000**.

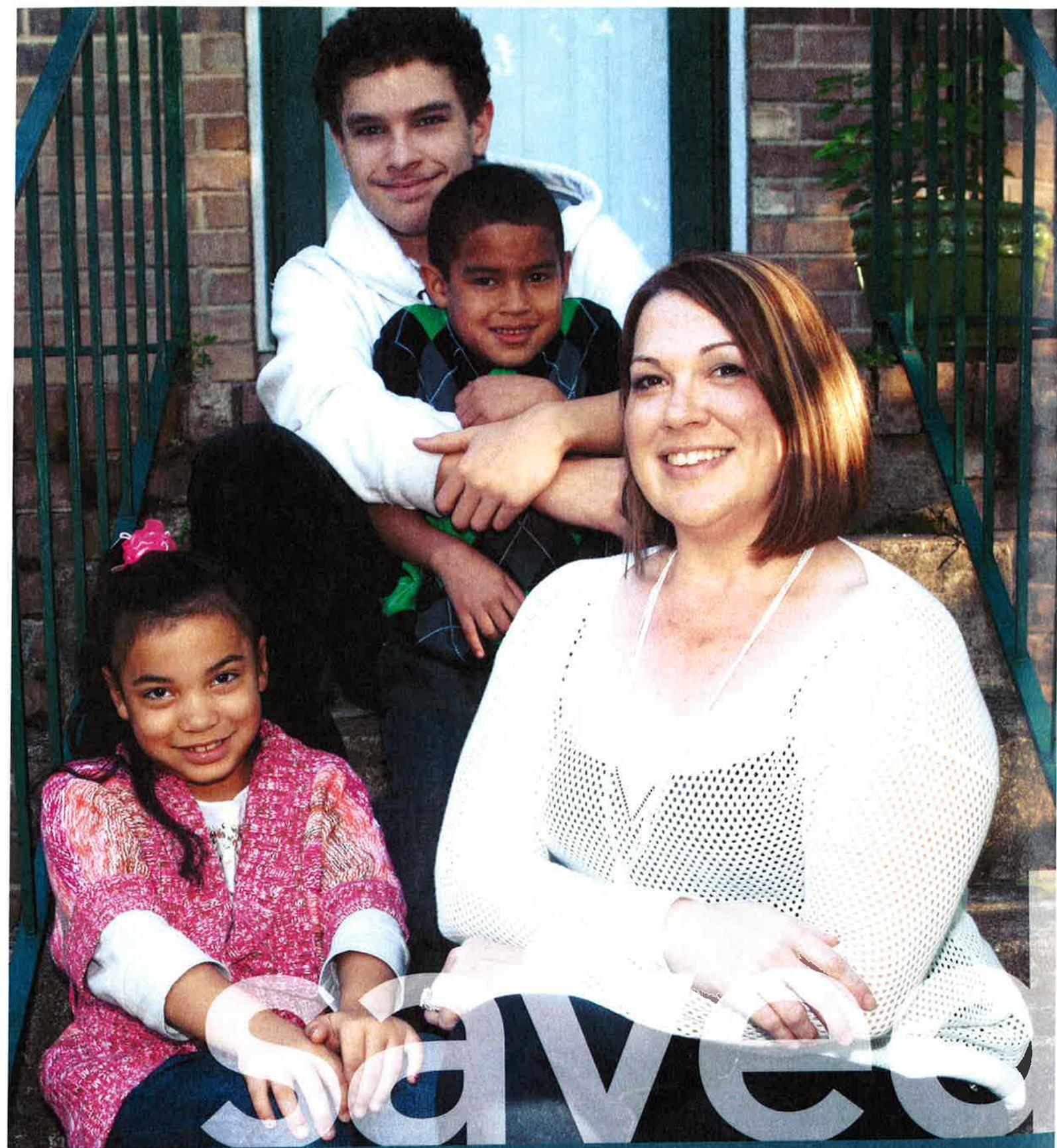
Loretta Morris received \$56,000 in loan assistance thanks to CNE's re:NOVATE program, which provides funds for needed renovations, weatherization and beautification to low-and moderate-income families. In Morris' case, this 2% interest loan with very low monthly payments was also used to abate the presence of harmful lead in her historic home.



enhanced

CNE homeowner:
Loretta Morris
in St. Elmo

"It was just a mess I'm trying to tell you. It was really a mess, but I am so happy with it now,"



CNE homeowner:
Wendy Gibbs
in Ooltewah

"This assistance allowed me to keep my home for myself and my 3 beautiful children. I have worked hard all my life and it was a relief your program was in place. I could never tell you what you mean to me. But I pray God will bless you, as you have me."

CNE NEIGHBORHOOD

foreclosure prevention

CNE believes that for many neighborhoods preserving an investment can be just as important as making a new one. Foreclosures not only affect the individual homeowner, but they also drag property values down, negatively impacting the entire neighborhood. Since the housing market crash, this phenomenon has affected neighborhoods throughout the area, including historically stable neighborhoods like North Chattanooga and East Brainerd.

CNE's Homeownership Center professionals work hard to utilize their 70 years of combined mortgage lending experience to assist families facing foreclosure retain and sustain their investment. As a chartered member of NeighborWorks America, CNE has programs and resources to apply a wealth of options for resolving dire situations and to keep the dream of homeownership alive and well.

CNE also administers government programs such as Keep My Tennessee Home, which has helped many families facing foreclosure and succeeded in decreasing Hamilton County's foreclosure rate by 30 percent in just the first nine months of 2012.



Foreclosure Prevention Impact – 2012

CNE counseled **620** clients and made **\$4.5** million in forgivable loans through the Keep My Tennessee Home program.

Losing 30 percent of your income makes it hard to keep up mortgage payments. And that's just what happened to Wendy Gibbs. But thanks to CNE, Gibbs was able to receive a forgivable loan that helped cover her mortgage payments for 18 months while she got back on her feet.



LIGHTS, CAMERA, TAKE ACTION.

inspire

Neighborhood Cheerleader:
Linda Richards
in East Lake

"We'll be able to use our winnings from the video contest to create a bilingual newsletter, purchase street sign toppers and file for non-profit status in order to apply for more funds throughout the year."

Last year's winner of the "**My Neighborhood Rocks**" video contest was the East Lake Neighborhood Association, who collaborated with East Lake residents Drew Belz and Kelly Lacy, as well as local poet Jonathon Cate to create "There's a fire down here," an impactful two minute video that was awarded the grand prize of \$5,000 for the neighborhood association's budget.

CNE NEIGHBORHOOD

neighborhood engagement

Building healthy, vibrant communities is an ongoing process. Assisting with mortgages and home improvement loans and preventing foreclosures helps build communities, but strengthening them comes from engaging homeowners in making their neighborhoods friendly, safe, inviting places to live.

CNE has developed a number of programs designed to inspire neighbors to come together and celebrate the places they call home. From picnics and block parties that enable homeowners to meet and get to know one another, to contests and programs that instill neighborhood pride, CNE takes building healthy neighborhoods to a whole new level.

Engagement activities in 2012 included well-attended **block parties** in newly developed Southside neighborhoods such as Jefferson Heights and Cowart Place, building the **Glenwood Neighborhood Park**, celebrating Chattanooga's diverse neighborhoods through **NeighborGood Week**, partnering with River City Company to expand their downtown "**Clean & Green**" program into residential neighborhoods, launching our "**My Neighborhood Rocks**" video contest, sustaining the **City Share** lecture series, and supporting the creation of **Glass House Collective** in East Chattanooga.



CNE

NeighborGood Week

CLEAN & GREEN
KEEPING DOWNTOWN BEAUTIFUL



CNE NEIGHBORHOOD

small business loans

dream

A healthy neighborhood also includes shops, restaurants and grocers that enhance residential life, as well as provide convenience. Commerce in a community also delivers patrons to places they may not have ventured to before, which helps promote all of the unique areas Chattanooga has to offer.

In addition to helping finance homeownership, CNE provides loans to small businesses that can benefit formerly underserved neighborhoods. As of 2012, CNE's commercial loan funds have made **\$5.3 million in loans** to 58 small and minority businesses.

Banking the unbanked

There are a million great ideas out there, and even more talented entrepreneurs ready to take on the challenge of implementing them. But a small business, no matter how needed it may be, requires funding that often eludes many entrepreneurs.



Healthier Neighborhoods



CNE has invested more than **\$5.3** million in small business loans and built **3** parks and playgrounds.

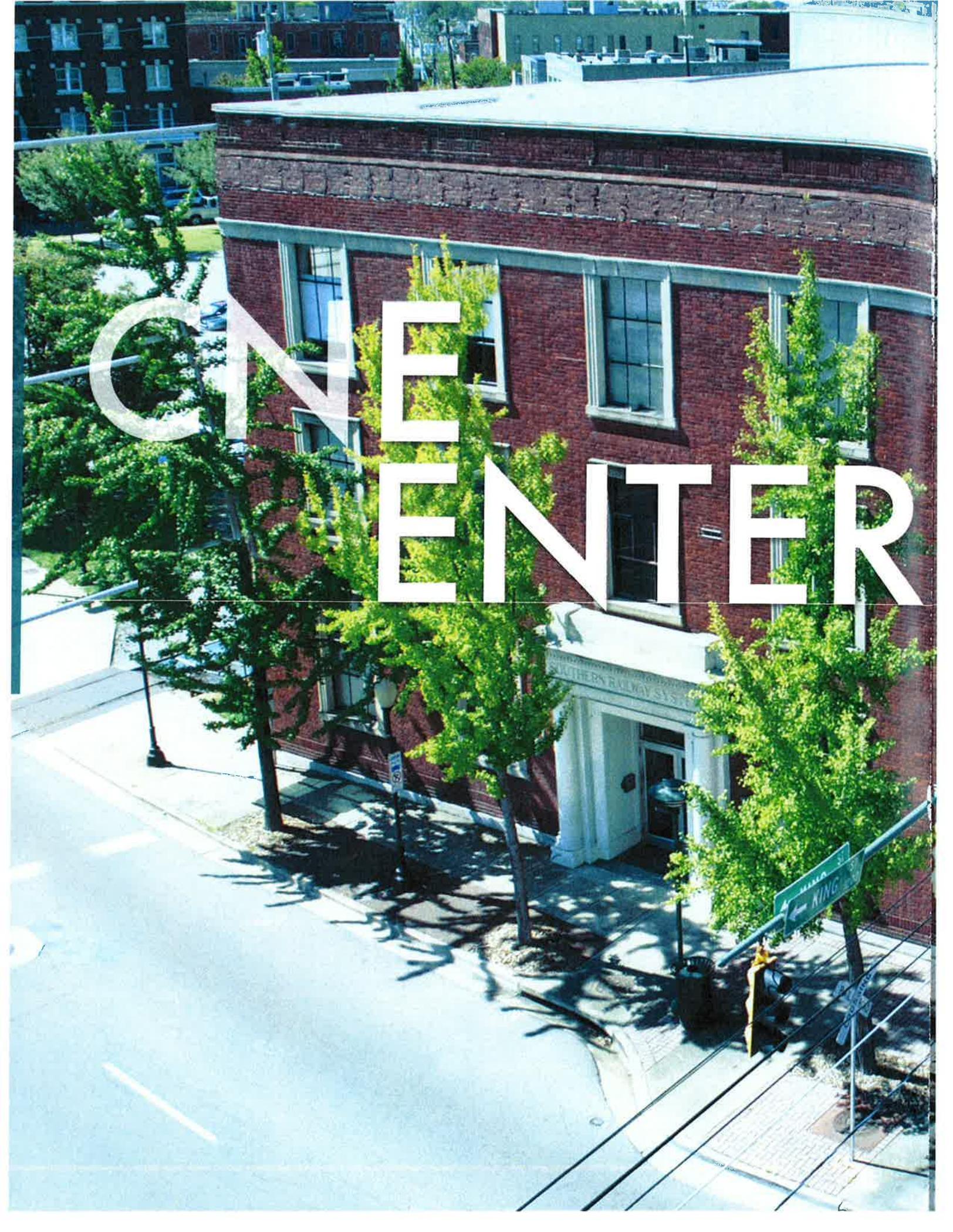
30-A, Salon Owner:
Lauren Hollingsworth
in Martin Luther King

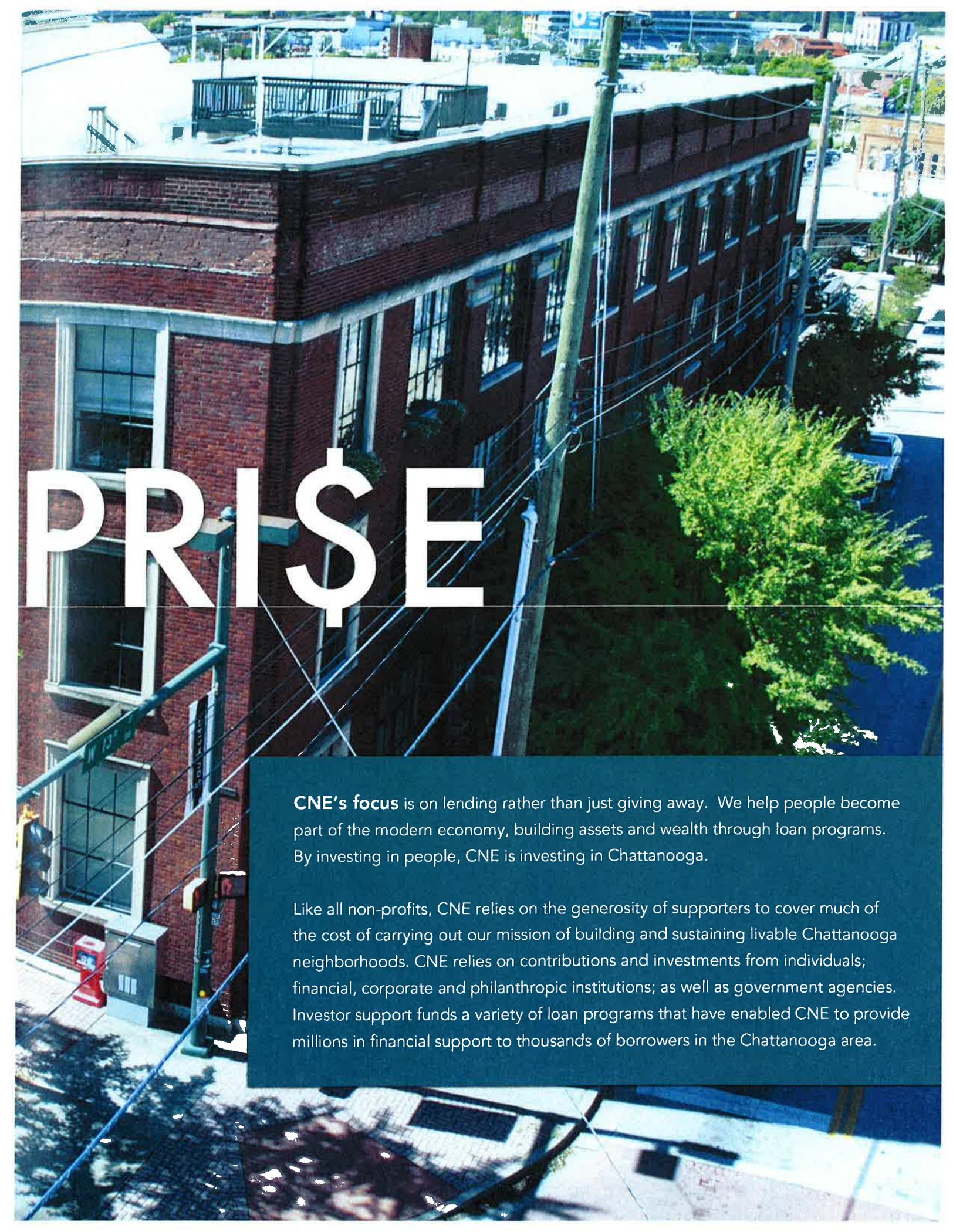
"CNE believed in my dream, and knew that MLK Boulevard was a place where that dream needed to come true," Hollingsworth said. "Now I serve my friends and neighbors with the best salon in Chattanooga!"

CINE CENTER

SOUTHERN RAILWAY SYSTEM

WALKING





PRISE

CNE's focus is on lending rather than just giving away. We help people become part of the modern economy, building assets and wealth through loan programs. By investing in people, CNE is investing in Chattanooga.

Like all non-profits, CNE relies on the generosity of supporters to cover much of the cost of carrying out our mission of building and sustaining livable Chattanooga neighborhoods. CNE relies on contributions and investments from individuals; financial, corporate and philanthropic institutions; as well as government agencies. Investor support funds a variety of loan programs that have enabled CNE to provide millions in financial support to thousands of borrowers in the Chattanooga area.

Ways to give.



Donate

CNE relies on gifts of **time**, **talent** and **treasure** to carry out our mission. CNE also receives contributions from donors interested in supporting various revolving loans funds, creating virtually permanent funding sources for many of the lending tools used to spur the revitalization of Chattanooga. And like many non-profits, CNE is fortunate to have supporters who contribute to capital projects – at CNE that includes building houses and acquiring abandoned lots.

Annual Fund

Contributions to CNE's annual fund enable the organization to cover basic day-to-day costs and expenses needed to build great Chattanooga neighborhoods.

Sponsorships

Through sponsorships, CNE is able to underwrite the costs of our NeighborGood Mixer series, My Neighborhood Rocks Video Contest, block parties and other innovative resident engagement opportunities.

CNE Gift Loan Fund

A revolving loan fund set up in 2000, the Gift Loan Fund serves as an unrestricted funding source for lending.



Invest

As a Community Development Financial Institution, or CDFI, CNE is also fortunate to have investors who are willing to put their resources where their hearts are, all the while making a return on their investment. Through investments in CNE, stakeholders are able to put their money to work financing home construction, home improvement loans, home purchase down payment loans, as well as commercial loans often overlooked by banks and other financial institutions. At CNE, we call it **Impact Investing**.

Homeownership Fund

This fund enables CNE to offer loans for down payment assistance and home improvement in target neighborhoods.

Employer Home Purchase Fund

Funded by local employers, these funds allow companies to invest in their employees while also providing stability and economic growth in the surrounding neighborhood.

Small Business Lending Fund

This fund enables CNE to make below market rate loans to entrepreneurs, spurring commercial development in areas undergoing revitalization.

▶ To learn more about how you can make an Impact Investment in Chattanooga's neighborhoods through your **time, talent** and **treasure**, please visit cneinc.org/invest.



Financial snapshot

BALANCE SHEET

Assets	\$ 11,008,491
Liabilities	\$ 3,624,863
Net Assets	\$ 7,383,628
Total Liabilities & Net Assets	\$ 11,008,491



2012 REVENUE / \$2,059,083

\$ 144,000	7%	Individuals
\$ 123,545	6%	Foundations
\$ 423,407	21%	Fees & Earned Income
\$ 1,358,995	66%	Government



2012 EXPENSES / \$2,038,954

\$ 265,064	13%	Program: Homeownership Promotion
\$ 428,180	21%	Program: Homeownership Preservation
\$ 61,168	3%	Program: Community Based Economic Development
\$ 163,116	8%	Program: Portfolio & Asset Management
\$ 40,779	2%	Program: Neighborhood Engagement
\$ 407,790	20%	Program: Real Estate Development
\$ 672,854	33%	Operations



2012 ASSETS UNDER MANAGEMENT / \$27,607,331

\$ 7,112,041	26%	CNE Owned Loans
\$ 20,495,290	74%	CNE Managed Loans (outside owner)

2012 by the numbers

Home purchase:

465

homeowners counseled

27

down payment loans and grants totaling \$547,000 leveraging \$2,007,000 in first mortgage investment

Home improvement:

75

weatherization jobs totaling \$407,000

17

rehab loans totaling \$438,000

Foreclosure prevention:

620

clients counseled

4.5 million

Keep My Tennessee Home Funds

Real Estate Development:

\$812,000

invested

7

homes completed

Special thanks to our donors

Ted Alling Angel Amin David Barlew Martin Barns Megan Bell Benwood Foundation
Perry Birger Llew Boyd John Bridger Mary A. Brock Garth Brown Roger G. Brown
Ben Brychta Hacker Caldwell CapitalMark Bank Amanda Carmichael
Carter Distributing Company City of Chattanooga City of Chattanooga,
Department of Neighborhood Services Paul Chapman Chattanooga Coca-Cola Bottling
Company Chattanooga Pergola Community Foundation of Greater Chattanooga, Inc.
Community Impact of Chattanooga Beverly Cosley Jeremy and Laura Cothorn
Sam and Katherine Currin Allan Davis Kenneth C. Dyer Ric Ebersole David Elliott
Stephen Fairley Trip L. Farmer First Title Insurance Company Kelly Fitzgerald
Jeremy Fitzsimmons John Foy Grace Frank Henry T. Franklin Ben and Abby Garrison
Connie Garrison Jared Gilley Laura Grady Grant Konvalinka & Harrison
John and Wendy Gunn Christopher and Elizabeth Hammitt Japho Hardin
Ken and Ellen Hays John Healy Luke Holcomb Jennifer Holder Mai Bell Hurley
David and Sharon Johnson Stephen E. Johnson Heather Jones Susan Kent
Adam and Monica Kinsey Craig Kronenberg and Heidi Hefferlin Lamp Post Group
Joseph Ledbetter Lyndhurst Foundation Sumner McCallie Bob McNutt Kurtis Montgomery
Becca Murphy Peter Murphy NeighborWorks America Maria Noel Jose Ocando
Jenny Park Nancy & Boyd Patterson Andy Perez Eddie Piper Playcore Jen Politano
Jessica Presley Lori Quillen Bill Reason Manuel Rico Sally Robinson
Tiffanie C. Robinson Rock City S. R. Ruff Tavis Salazar Charles Sanford
Michael M. Sarvis Laura B. Schleifer Deborah Scott William Shealy Angela Sherlin
Audrey Smith Courtney Smith Mark Song Mallie Stout Jack and Caitlin Studer
Jim and Rhea Studer Tennessee Housing Development Agency Teal Thibaud
Joda Thongnopnua Megan Toms Top Flight, Inc. U.S. Department of Housing and Urban
Development, HOME Investment Partnerships Program U.S. Department of Housing and Urban
Development, Community Development Block Grant Program Wamp Strategy
Michelle Warren Waterhouse Public Relations Nicholas A. Wilkinson Ralph Woodard

CNE Board Members

Stephen Johnson
Chair

Trip Farmer
Vice Chair

David Elliott
Treasurer

John Bridger
Secretary

John Bilderback

Ben Brychta

Beverly Cosley

Richard Ebersole

Mai Bell Hurley

Sumner McCallie

Peter Murphy

LaMonte Vaughn

Ralph Woodard



Chattanooga Neighborhood Enterprise, Inc.
1301 Market Street, Suite 100
Chattanooga, TN 37402
www.cneinc.org




CHARTERED MEMBER

7. Board of Directors

**CHATTANOOGA NEIGHBORHOOD ENTERPRISE
2013 BOARD OF DIRECTORS**

	Name	Title	Committee	Member Since	Last Elected	Term Ends	Race	Gender	Company - Organization	Mailing Address	Phone
1.	John Bilderback	Director	P	2012	2012	2015	W	M	Chattanooga-Hamilton County Health Department	921 E 3rd Street Chattanooga, TN 37403	423-209-8090/Work 423-339-7040/Cell
2.	John Bridger	Secretary	E, P	2011	2011	2014	W	M	Chattanooga-Hamilton County Regional Planning Agency	1250 Market Street Chattanooga, TN 37402	423-757-5216/Work 423-593-6845/Cell
3.	Ben Brychta	Ex Officio City of Chattanooga	P	2009	2009	2012	W	M	Fireside Real Estate	4627 Sherry Lane Hixson, TN 37343	423-280-1919/Cell
4.	Beverly Cosley	Director	E,P*,G	2008	2011	2014	AA	F	City of Chattanooga Office of Multicultural Affairs	5600 Brainerd Road Eastgate Town Center, Suite D6 Chattanooga, TN 37411	423-643-6706/Work 423-421-0351/Cell
5.	Richard Ebersole	Past Chair	A*, E, F, R	2006	2009	2012	W	M	Real Estate Developer	202 Ridge Avenue Chattanooga, TN 37404	423-596-0090/Cell
6.	David Elliott	Treasurer	CS*,E,F*	2010	2010	2013	W	M	Grant Konvalinka & Harrison, P.C.	633 Chestnut Street Republic Centre, Ninth Floor Chattanooga, TN 37450	423-756-8400/Work 423-838-9088
7.	Trip Farmer	Vice Chair	A,CS,E,F,G	2011	2011	2014	W	M	Henderson Hutherson & McCollough, PLLC	1200 Market Street Chattanooga, TN 37402	423-756-7771/Work 423-702-8148/Cell
8.	Mai Bell Hurley	Director	C,F,G,R	2010	2010	2013	W	F	Community Volunteer	1068 Constitution Drive Chattanooga, TN 37405	423-266-0224/Home 423-902-3352/Cell
9.	Stephen Johnson	Chair	A,C*,CS,E*	2009	2009	2012	W	M	Erlanger Health System	975 E. 3rd Street, Suite B-708 Chattanooga, TN 37403	423-778-4733/Work 423-309-9634/Cell
10.	Sumner McCallie	Director	C	2012	2012	2015	W	M	McCallie School	500 Dodds Avenue Chattanooga, TN 37404	423-493-5696/Work 423-667-4649/Cell
11.	Peter Murphy	Director	P	2012	2011	2015	W	M	City of Chattanooga City Council	1000 Lindsay Street Chattanooga, TN 37402	423-757-5196/City Work (Tuesdays) 423-432-7837/Cell
12.	LaMonte Vaughn	Director	P	2009	2009	2012	AA	M	Orchard Knob Neighborhood Association	1910 East 5th Street Chattanooga, TN 37404	423-624-1625/Home
13.	Ralph Woodard	Director	A, CS	2012	2012	2015	W	M	Blue Cross Blue Shield	1 Cameron Hill Circle Chattanooga, TN 37402	423-535-5192/Work 423-504-4571/Cell

Board Committees: * Indicates committee chair

- A - Audit Committee
- C - Compensation Committee
- CS - Capital Structure Working Group
- E - Executive Committee
- F - Finance Committee
- G - Governance Committee
- P - Program Committee
- R - Resource Development Committee

8. Contact Information for Review of Corporate Minutes

Please contact Lisa Fields for information about reviewing our minutes:

423-756-6254

Lfields@cneinc.org

Section II: Chattanooga City Council Questionnaire

CHATTANOOGA CITY COUNCIL QUESTIONNAIRE

Prepared by:

Chattanooga Neighborhood Enterprise, Inc.

January 2013

1. What other Chattanooga organizations have a mission similar to yours?

CNE is the only local organization that provides comprehensive housing rehabilitation services. In terms of foreclosure intervention services, the 28th Legislative District CDC and Partnership for Families, Children and Adults provide some services. However, CNE is the only organization to offer comprehensive foreclosure prevention counseling by certified counselors in the city of Chattanooga or the surrounding area.

2. What does your organizations do, supply, or perform that no other organization in Chattanooga addresses?

CNE offers the only comprehensive housing program for Chattanooga's low- and moderate-income residents. With a 26-year legacy of providing comprehensive housing services, we hold an array of designations and certifications unique to the Chattanooga area. Highlights include:

- HUD Housing Counseling Agency
- Community Development Financial Institution
- NeighborWorks chartered organization
- NeighborWorks Center for Homeownership Education and Counseling certification
- Tennessee Housing Development Agency certified homebuyer educator and lender
- Weatherization Assistance Program Administrator
- Hardest Hit Funds Administrator

We operate six program lines, including Neighborhood Engagement running across all other five:

Neighborhood Engagement

Community outreach that encourages residents and other stakeholders to work together to build a stronger, more sustainable and more livable community. A wide range of activities can further this aim, including everything from social events such as block parties to pride-building activities such as façade improvement contests. This program is implemented across all other program lines.

Homeownership Promotion

Activities promoting sustainable home ownership include financial education, pre-purchase counseling, mortgage lending, and down payment /closing costs assistance (both loans and grants). Additionally, relocation incentive loans are included in this category.

Homeownership Preservation

Loans, grants and home improvement services for existing owners of 1 to 4-family properties. Activities include post-purchase counseling and foreclosure intervention activities, as well as loans and grants to homeowners to finance home improvements, rehabilitation, and weatherization.

Community Based Economic Development

Activities that improve economic conditions in a community include providing technical or financial assistance to business owners looking to start or expand a business or create new jobs, and offering business management education.

Asset & Property Management

Activities include the long term responsibilities of ownership of real estate and loan portfolios. Including refinancing, capital improvements, and selection and oversight of property and portfolio managers. Includes the day-to-day operating responsibilities of property owned by CNE or for managing properties owned by other entities. Includes day-to-day responsibilities of servicing loan portfolios owned by CNE or managed for other entities.

Real Estate Development & Construction

All activities involved in developing real estate including residential, commercial, rental or for-sale properties. Development activities include conceptualizing project, selecting and acquiring sites, managing design, assembling predevelopment, construction and permanent financing, obtaining approvals, overseeing construction, and marketing and sales. Also includes rehab, repair, hazard abatement, & energy conservation activities.

3. What is your fiscal year?

July1-June30

4. List the previous years you have submitted requests to the City of Chattanooga, the amount of the requests, and the amounts granted?

YEAR	FUNDING REQUESTED	FUNDING AWARDED
2014	\$1,000,000	TBD
2013	\$1,000,000	\$900,000
2012	\$1,000,000	\$1,150,000
2011	\$1,000,000	\$900,000
2010	\$1,500,000	\$900,000
2009	N/A	\$1,000,000
2008	N/A	\$1,000,000
2007	N/A	\$1,500,000
2006	N/A	\$1,500,000
2005	N/A	\$2,000,000
2004	N/A	\$2,000,000
2003	N/A	\$2,000,000
2002	N/A	\$2,000,000
2001	N/A	\$2,000,000
2000	N/A	\$2,000,000
1999	N/A	\$2,000,000
1998	N/A	\$2,000,000
1997	N/A	\$2,000,000
1996	N/A	\$2,000,000
1995	N/A	\$2,000,000
1994	N/A	\$1,750,000
1993	N/A	\$1,150,000

5. Describe your debt and expenses in ratio to revenue.

Debt: Revenue Ratio (Debt associated with the organization is used for lending, not to finance operations.)	Current Debt	7.95%
	Long Term Debt	55.34%
	Total Debt	63.34%
Expenses: Revenue Ratio		96.85%

6. List any debt over \$10,000, and when that debt will be satisfied.

Debt over \$10,000	When that debt will be satisfied. Other details about that debt.
\$ 1,000,000 Catholic Charities	Revolving Loan Fund (Used for Lending)
\$ 167,000 Memorial Health	Revolving Loan Fund (Used for Lending)
\$ 525,000 SunTrust	Revolving Loan Fund (Used for Lending)
\$ 150,000 Regions	Revolving Loan Fund (Used for Lending)
\$ 1,237,256 Grant Liabilities	Investments in Property Due upon Sale

7. What percentage of your budget dedicated to salaries vs. percentage of budget dedicated to client programs or benefits?

% of Budget dedicated to Salaries	33.68% (before allocation)
% of Budget dedicated to client programs or benefits	66.32% (before allocation)

8. What cost savings initiatives did your organization undertake during the preceding year?

Consolidated the Construction and Rehab Project Manager roles, saving in salaries and operational expenses

Re-staffed Rehab program and management oversight

Negotiated with the insurance company on employee health benefits, therefore, redistributing portions paid by employee and CNE.

Updated terms on office lease, reducing monthly amortized expense for build-out

9. List travel expenses over the last three years and how the travel benefited your organization.

DATE	EXPENSE	BENEFIT to ORGANIZATION	Total number of staff
2011-2012	\$ 23,637	NeighborWorks Institute Training for Staff, THDA and HUD Conferences and Training, Board Training, CDFI Conferences. These all strengthen the expertise of the organization and Board and insure the staff are up to date with any compliance or regulatory changes. Other conferences keep the organization abreast of new programs that may benefit the mission of the organization.	16
2010-2011	\$30,210.00	NeighborWorks, FAHE, HUD, THDA, Governors Housing Summit, Property and Project Management. Allows the organization to strengthen its knowledge and provide essential tools to the staff in order to meet the mission of the organization.	n/a
2009-2010	8,424.15	NeighborWorks, HUD, THDA, CDFI, Property and Project Management. Allows the organization to strengthen its knowledge and provide essential tools to the staff in order to meet the mission of the organization	n/a

10. If membership-based organization: N/A—we are not a membership-based organization

11. Do your clients pay anything for your services, products, programs? If so, explain.

Service Type	Sub Type	Fee	Paid by
Homebuyer Education Workshop	FEDERAL NEIGHBORHOOD STABILIZATION PROGRAM (NSP)-CHATT NEIGHD REVIT PRTNRSHP	\$250.00	City--NSP
	NSP-SE TN DEV DSTRT (SETDD)	\$250.00	City--NSP
	TN HOUSING DEV AGENCY (THDA)	\$25.00 (Client) plus \$250.00 (THDA)	paid by client/THDA
	OTHER	\$79.00	paid by client
Pre-Purchase Counseling	Orientation	\$10.00	paid by client

Lending	HOME/CDBG	1% loan amount or \$250 origination fee (whichever is greater)	paid by client
		\$125.00 underwriting fee	paid by client
		\$30.00 wire transfer	paid by client

Foreclosure Counseling and Education	Hardest Hit Funds (HHF)	\$1,000	THDA
	National Foreclosure Mitigation (NFMC)	Level 1 = \$150 and Level 2= \$300	THDA

12. What is your strategic plan to become independent of City funding?

During 2011-2012, CNE’s board, staff, and local stakeholders undertook an extensive strategic planning process, the results of which have shaped our strategy and operations in recent months and will continue to influence priorities and decisions over the next couple of years. One of seven strategic priorities is to diversify funding sources. We are actively engaged in implementing this strategic priority. In addition, we realize that successful implementation of the other six strategies is integral to the success of diversifying our funding and attracting new investment in CNE’s mission.

This resulting planning document is titled “Reclaiming the Lead” to underscore this auspicious moment marked by the convergence of external opportunity and internal restoration. If CNE can continue to improve operations, establish strong lines of communication, and take advantage of Chattanooga’s regional resurgence, the organization should be able to reclaim a leadership position within the community. “Reclaiming the Lead” continues to serve as the template for CNE’s 2013 Operating Plan.

- STRATEGY 1 Rejuvenate the board.
- STRATEGY 2 Maximize the quality of core business lines.
- STRATEGY 3 Focus on customer service
- STRATEGY 4 Diversify funding sources and increase revenue.**
- STRATEGY 5 Develop and strengthen strategic partnerships.
- STRATEGY 6 Communicate CNE mission and results.
- STRATEGY 7 Celebrate CNE’s 25th Anniversary

Specifically, in 2012 CNE’s total budget consisted of 66% funding from the City of Chattanooga; in 2013 that portion has been reduced to 48% City funding. We plan to continue this trend.

Attachment A: Program Outcome Information

HOMEOWNERSHIP PROMOTION: Attachment A: Program Outcome Information

Agency Mission:

MISSION STATEMENT. The mission of Chattanooga Neighborhood Enterprise is to build and sustain livable Chattanooga neighborhoods by:

- Providing homeownership education and counseling;
- Providing affordable loans;
- Encouraging neighborhood engagement;
- Working in partnership with like-missioned organizations.

Program Goal:

We believe that homeownership is an effective way for people to build financial security and stability. Owning a home correlates with increased social and political involvement, improved health, and educational achievement. We offer an array of loans with below market rates to Chattanooga's low- and moderate-income borrowers. We help Chattanoogaans achieve homeownership the right way through our nationally acclaimed homeownership education and counseling program that provides the tools and information needed to own a home successfully.

Impact Area:

Building Stable Lives - Family stability in Basic Needs, Housing, Employment/Education and Support Services. This program addresses our strategic initiative to maximize the quality of core business lines.

Outcome Objectives:

Goal 1: Create new Homeowners through Homeownership Education and Counseling Activities by serving 500 new Homeownership Education and Counseling clients.

Briefly explain how this prospective goal will impact your organization's mission in FY13.

Homeownership promotion is fundamental to our mission of building and sustaining livable neighborhoods by providing homeownership education and counseling. This goal directly supports that mission.

Briefly explain whether this prospective goal will impact your organization's structure and/or business model in FY13: n/a

Goal 2: Develop and Implement a Homeownership Partnership with Employers.

Briefly explain how this prospective goal will impact your organization's mission in FY13.

Promoting homeownership is central to what we do at CNE. Local employers based in Chattanooga provide a natural partnership opportunity to both revitalize neighborhoods surrounding the employer and to create new homeowners from their employee base.

Briefly explain whether this prospective goal will impact your organization's structure and/or business model in FY13: We currently operate an employer assisted housing (EAH) program with Memorial Hospital, and hope to expand that program to other local employers. This will not require additional staffing.

Goal 3: Expand Loan Originations Utilizing public and private funds. Continue to market down payment assistance loans through partnerships with local 1st mortgage lenders and realtors; Originate 20 down payment assistance loans to new homebuyers, totaling \$400,000.

Briefly explain how this prospective goal will impact your organization's mission in FY13.

While signs of recovery are emerging, the housing market in Chattanooga remains unpredictable going into 2013. Therefore, execution of this program becomes even more important, as CNE is the standard-bearer in terms of advocating for homeownership in Chattanooga.

Briefly explain whether this prospective goal will impact your organization's structure and/or business model in FY13: n/a

Means of Measurement:

We track our outcomes in an in-house database called Clientbase, as well as the nationally used NeighborWorks database called CounselorMax. We report on an ongoing basis to NeighborWorks, which we use for our own internal tracking and monitoring purposes as well.

Outcome Results:

See above in "Outcome Objectives" section

Comparative Information: Please see benchmarked data at the end of this section. We have provided the most recent data we have relative to our peer NeighborWorks Institutions, both within our district (Southern) and across the country.

HOMEOWNERSHIP PRESERVATION: Attachment A: Program Outcome Information

Agency Mission:

MISSION STATEMENT. The mission of Chattanooga Neighborhood Enterprise is to build and sustain livable Chattanooga neighborhoods by:

- Providing homeownership education and counseling;
- Providing affordable loans;
- Encouraging neighborhood engagement;
- Working in partnership with like-missioned organizations.

Program Goal:

Purchasing a home is only the beginning of homeownership—a goal that requires ongoing maintenance and financial commitment. We offer an array of loans and grants that enable homeowners to upkeep their home and improve energy efficiency. We are one of the state's leading foreclosure prevention counseling agencies, helping hundreds of area residents remain in their home and get back on track financially.

Homeownership Preservation remains a vital task in the coming fiscal year. With no end in sight for the foreclosure crisis, Foreclosure Intervention Counseling will remain one of the top priorities of this organization. New efforts to get the word out about CNE's Foreclosure Hotline and counseling services are based on a commitment to ensure that no one in CNE's service area has to go through this crisis alone. Additionally, home improvement services, both in terms of loans and energy efficiency improvements through the Weatherization Assistance Program, are a key priority that is based on our commitment to making all homes in Chattanooga fit and livable.

Impact Area:

Building Stable Lives - Family stability in Basic Needs, Housing, Employment/Education and Support Services. This program addresses our strategic initiative to maximize the quality of core business lines.

Outcome Objectives:

Homeownership Preservation remains a vital line of business in the coming fiscal year. With no end in sight for the foreclosures here in Southeast Tennessee, Foreclosure Intervention Counseling will remain one of the top priorities of this organization. New efforts to get the word out about CNE's Foreclosure Hotline and counseling services are based on a commitment to ensure that no one in CNE's service area has to go through this crisis alone. Additionally, affordable home improvements through our loan program is a key priority based on our commitment to making all homes in Chattanooga energy efficient, fit and livable.

Goal 1: Expand Foreclosure Intervention Counseling by providing Foreclosure Intervention Counseling services for 240 (Hardest Hit Funds) and 800 (National Foreclosure Mitigation Counseling/Attorney General mortgage settlement) clients at-risk of foreclosure; Partner with local employers that have downsized and local servicers to offer CNE's Foreclosure Intervention Counseling; and Continue advocacy through media appearances, newspaper articles, and sponsorship of community events.

Briefly explain how this prospective goal will impact your organization's mission in FY13.

Education, counseling, and lending are key tools in how CNE carries out its mission of building and sustaining livable neighborhoods. In particular, the preservation of existing homeowners is key to our strategy for sustaining livable neighborhoods.

Briefly explain whether this prospective goal will impact your organization's structure and/or business model in FY13: This goal doesn't change our business model, but it does represent a substantial increase in reliance on the Preservation line of business for revenue. We have

realigned existing staff to support both the client-facing aspects of this goal (time spent counseling and education) and back-end administration of the program (billing and impact tracking).

Goal 2: Continue momentum of the successful weatherization program by developing new funding sources, partners, and program delivery.

Briefly explain how this prospective goal will impact your organization's mission in FY13. We feel strongly that our adoption at CNE of a commitment to green practices and sustainable building models in FY11-12 necessitates that we further develop the weatherization program, even in the face of reduced government funding. Chattanooga has a legacy of a commitment to going green, and we feel confident that in FY13 we can find local partners to help us evolve this program into a public-private partnership funding model.

Briefly explain whether this prospective goal will impact your organization's structure and/or business model in FY13: We have staff on hand to manage this program already and don't anticipate needing to make additional hires.

Goal 3: Expand Home Improvement Loan Originations by marketing CDBG home improvement lending through partnerships with neighborhood associations, local churches and community groups; Originate 12 home improvement loans to current homeowners, totaling \$360,000; continue our focus on CNE as *lender* rather than *construction manager*.

Briefly explain how this prospective goal will impact your organization's mission in FY13. Home improvement lending is a key tool in how CNE carries out its mission of building and sustaining livable neighborhoods. In particular, the preservation of existing homeowners is key to our strategy for sustaining livable neighborhoods.

Means of Measurement:

We track our outcomes in an in-house database called Clientbase, as well as the nationally used NeighborWorks database called CounselorMax. We report on an ongoing basis to NeighborWorks, which we use for our own internal tracking and monitoring purposes as well.

Outcome Results:

See above in "Outcome Objectives" section

Comparative Information: Please see benchmarked data at the end of this section. We have provided the most recent data we have relative to our peer NeighborWorks Institutions, both within our district (Southern) and across the country.

NEIGHBORHOOD ENGAGEMENT: Attachment A: Program Outcome Information

Agency Mission:

MISSION STATEMENT. The mission of Chattanooga Neighborhood Enterprise is to build and sustain livable Chattanooga neighborhoods by:

- Providing homeownership education and counseling;
- Providing affordable loans;
- Encouraging neighborhood engagement;
- Working in partnership with like-missioned organizations.

Program Goal:

Since our founding, CNE has been committed to bringing Chattanooga's urban neighborhoods back to life. We believe that engaging local residents is key to sustainable revitalization. That's why we're committed to neighborhood-centric projects like building the Glenwood pocket park.

As "neighborhood" is our middle name, CNE's board and senior staff believe CNE should consider expansion of its neighborhood engagement and capacity building efforts. A long-time partner Community Impact of Chattanooga has filled this role for the past 10 years, but closed its doors in 2012.

Impact Area:

Building Stable Lives - Family stability in Basic Needs, Housing, Employment/Education and Support Services. This program addresses our strategic initiative to maximize the quality of core business lines.

Outcome Objectives:

NEIGHBORHOOD ENGAGEMENT GOAL 1

Explore expansion of CNE's formal neighborhood engagement role

2013 Objectives and Expected Outcomes:

- Implement Program Plan for this line of business
- Explore and secure funding
- Execute 2 new volunteer-based community outreach events
- Build Glass Street pocket park, opening in June 2013

Means of Measurement:

We track our outcomes in an in-house database called Clientbase, as well as the nationally used NeighborWorks database called CounselorMax. We report on an ongoing basis to NeighborWorks, which we use for our own internal tracking and monitoring purposes as well.

Outcome Results:

See above in "Outcome Objectives" section

Comparative Information: Please see benchmarked data at the end of this section. We have provided the most recent data we have relative to our peer NeighborWorks Institutions, both within our district (Southern) and across the country.

ASSET AND PROPERTY MANAGEMENT: Attachment A: Program Outcome Information

Agency Mission:

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- Providing homeownership education and counseling;
- Providing affordable loans;
- Encouraging neighborhood engagement;
- Working in partnership with like-missioned organizations.

Program Goal:

We believe neighborhood revitalization requires a long-term financial commitment—commitment from the City, our partners, residents, and from us. Which is why we prefer lending to simply giving money away. Loan funds are expected to be repaid, promote financial transparency, and can be recycled many times over.

CNE manages a \$28 million portfolio in total. Of that, \$15 million is owned by the City, which returns over \$800,000 annually to City coffers in program income. We also manage an array of privately funded revolving loan funds, each with a specific neighborhood or demographic beneficiary. We own real estate assets all over town and manage them to benefit residents and neighborhoods.

Impact Area:

Building Stable Lives - Family stability in Basic Needs, Housing, Employment/Education and Support Services. This program addresses our strategic initiative to maximize the quality of core business lines.

Outcome Objectives:

Goal 1: Improve Efficiency of Loan Systems and Payment Processes by establishing telephone payment system through which customers can make loan payments to CNE.

Briefly explain how this prospective goal will impact your organization's mission in FY13. It will allow us to more effectively deliver our products to a wide array of clients. Anyone with a phone—land or cell—will be able to make automated payments.

Goal 2: Improve Efficiency of Portfolio Analysis by reducing delinquency rate by 10%; refining Portfolio Analysis and Reporting System; applying for Capital Funding Lending from NeighborWorks in October 2013; and providing quarterly review of portfolio to Board.

Briefly explain how this prospective goal will impact your organization's mission in FY13. Lending and asset management are fundamental aspects of what we do at CNE. The new financial systems and loan database will enable us to more proactively and responsively manage our single largest asset—our loan portfolio.

Goal 3: Improve Efficiency of Financial Reporting Systems by completing and submitting 2012 audited financial statements on or before required NeighborWorks due date (9/8/11 NeighborWorks MOU requirement) and refining Internal Reporting and Accounting Systems for all departments.

Briefly explain how this prospective goal will impact your organization's mission in FY13. As lending and access to capital are crucial components to CNE's mission of building and sustaining livable neighborhoods, proper auditing and financial management are of the utmost importance to CNE and long-term sustainability of the organization and its mission.

Means of Measurement:

We track our outcomes in an in-house database called Clientbase, as well as the nationally used NeighborWorks database called CounselorMax. For management of our real estate portfolio we use a software program called Yardi, and we use the Microsoft Dynamics SL with a loan servicing module for loan servicing and portfolio management. We report on an ongoing basis to NeighborWorks, which we use for our own internal tracking and monitoring purposes as well.

Outcome Results:

See above in "Outcome Objectives" section

Comparative Information: Please see benchmarked data at the end of this section. We have provided the most recent data we have relative to our peer NeighborWorks Institutions, both within our district (Southern) and across the country.

REAL ESTATE DEVELOPMENT AND CONSTRUCTION: Attachment A: Program Outcome Information

Agency Mission:

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- Providing homeownership education and counseling;
- Providing affordable loans;
- Encouraging neighborhood engagement;
- Working in partnership with like-missioned organizations.

Program Goal:

Since our founding, CNE has been committed to bringing Chattanooga's urban neighborhoods back to life. We successfully spurred the redevelopment of several neighborhoods, including Cowart Place and Jefferson Heights. Our physical revitalization efforts currently are focused on Bushtown, Glenwood and Orchard Knob, where our award-winning Better Built green houses are currently for sale.

Following the successful execution of NSP construction projects through the Chattanooga Neighborhood Revitalization Partnership, CNE intends to pursue additional funding streams to continue construction and renovation. Additionally, after re-entering the real estate development business, CNE has realized the value and importance of physical development in the process of neighborhood revitalization and homeownership promotion. Our Program Committee is currently developing a business plan for the continued implementation and funding of this line of business. CNE anticipates executing development through partnership with private developers.

Impact Area:

Building Stable Lives - Family stability in Basic Needs, Housing, Employment/Education and Support Services. This program addresses our strategic initiative to maximize the quality of core business lines.

Outcome Objectives:

Goal 1: Strengthen our Neighborhood Revitalization Partnership by selling existing inventory of homes developed over the past 2 years; pursuing additional funding streams to continue construction and renovation.

Briefly explain how this prospective goal will impact your organization's mission in FY13.

Following the successful execution of NSP construction projects through the Chattanooga Neighborhood Revitalization Partnership, CNE will focus much of its energy on sales in 2013.

Goal 2: Identify geography for targeted revitalization efforts where CNE can bring to bear extensive resources and expertise to spur comprehensive neighborhood revitalization.

Briefly explain how this prospective goal will impact your organization's mission in FY13.

After re-entering the real estate development business a couple of years ago, CNE has realized the value and importance of physical development in the process of neighborhood revitalization and homeownership promotion.

Briefly explain whether this prospective goal will impact your organization's structure and/or business model in FY13: CNE anticipates executing development through partnership with private developers.

Means of Measurement:

We track our outcomes in an in-house database called Clientbase, as well as the nationally used

NeighborWorks database called CounselorMax. We report on an ongoing basis to NeighborWorks, which we use for our own internal tracking and monitoring purposes as well.

Outcome Results:

See above in "Outcome Objectives" section

Comparative Information: Please see benchmarked data at the end of this section. We have provided the most recent data we have relative to our peer NeighborWorks Institutions, both within our district (Southern) and across the country.

Benchmarking
NeighborWorks Network
Organization Data

**Chattanooga Neighborhood
Enterprise, Inc.**

Working Together for Strong Communities



Benchmarking NeighborWorks® Network Organization Data

We would like to thank your organization for its continued attention to the accuracy of data submitted, and your timeliness in reporting, into the NeighborWorks America quarterly production and annual survey processes.

In an effort to make this data more valuable to you, NeighborWorks America has developed a series of charts and graphs designed to provide your organization with benchmarks against the NeighborWorks network.

In this current version, most of the benchmark aggregations are standardized at the 20th, 50th & 80th percentiles. For a quick refresher on 'percentiles' see the appendix at the end of the report.

As NeighborWorks America continues to improve the presentation of this data, the intent is to provide NeighborWorks organizations with the ability to self-select the aggregations used in benchmarking their organization.

NeighborWorks America hopes you find these charts useful for better understanding how your organization compares to the NeighborWorks network and for other purposes as you see fit.

As NeighborWorks America works to continually improve this effort, your feedback and questions are most welcome.

Please send your comments and questions directly to your Impact Analysis Unit staff, or to:

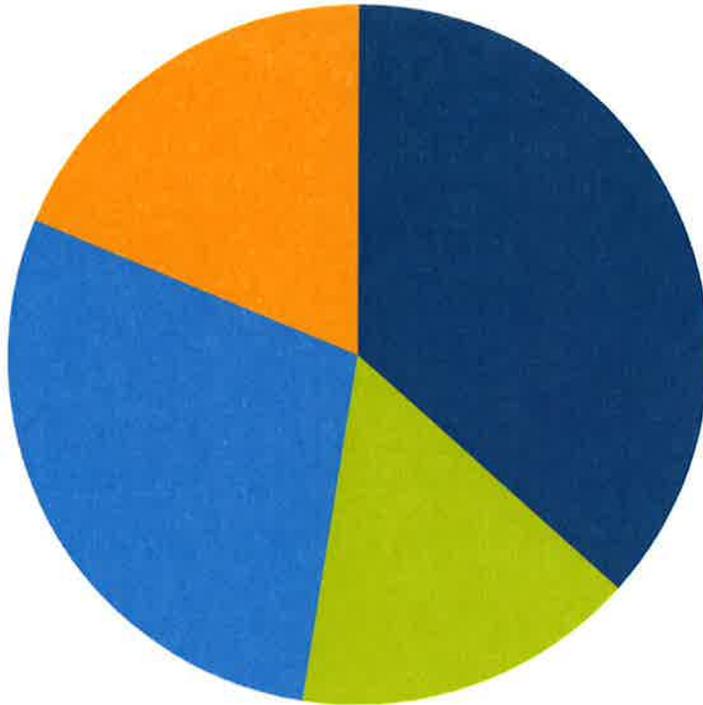
Timothy W Adams
Director - Impact Analysis Unit
tadams@nw.org
410.962.7908

Working Together for Strong Communities



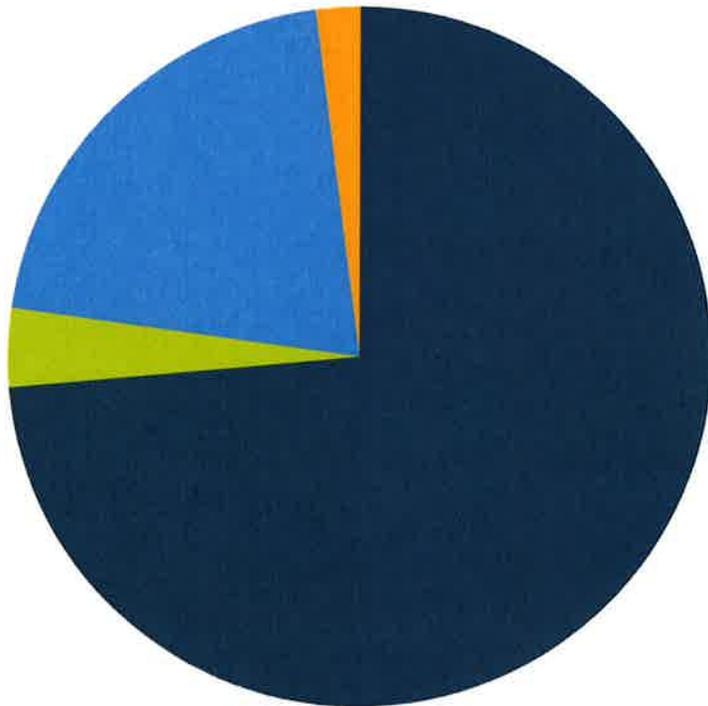
Type of Reported Production 2009 - 2011

Total Network



data values for these pie-charts can be found in the Appendix

Chattanooga Neighborhood Enterprise



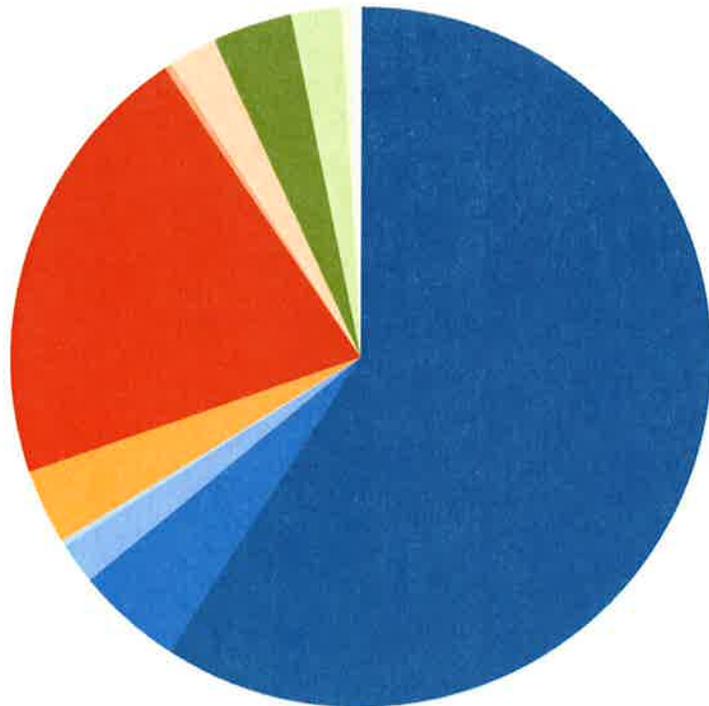
- HomeOwnership Clients
- Owner Occupied Rehab
- Refinance/Foreclosure/Reverse
- Rental Production

Data source: Quarterly Production reports FY09 - FY11

Production = homeownership clients created; owner-occupied units rehabbed; foreclosure clients where home was retained; rental units created; rental units rehabbed.

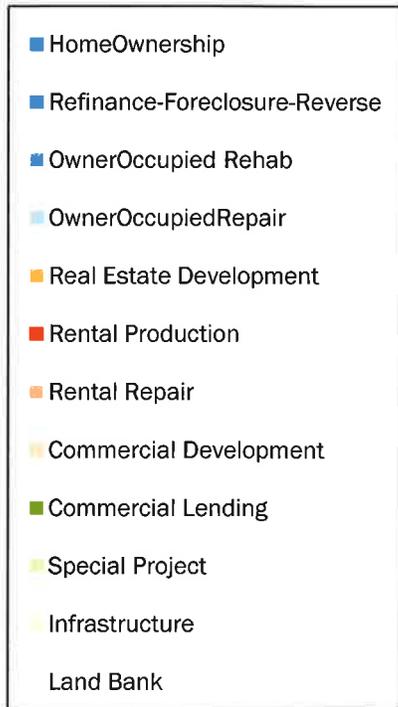
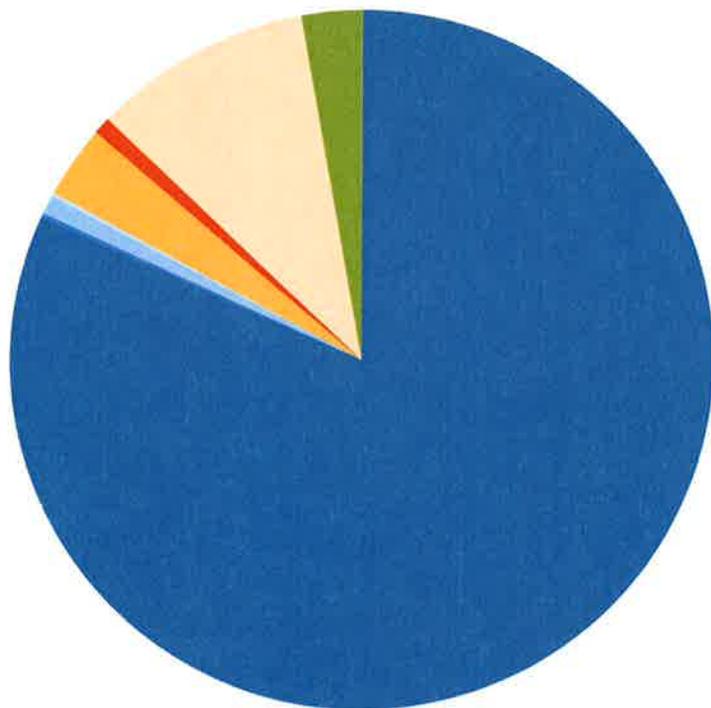
Type of Reported Investment 2009 - 2011

Total Network



data values for these pie-charts can be found in the Appendix

Chattanooga Neighborhood Enterprise

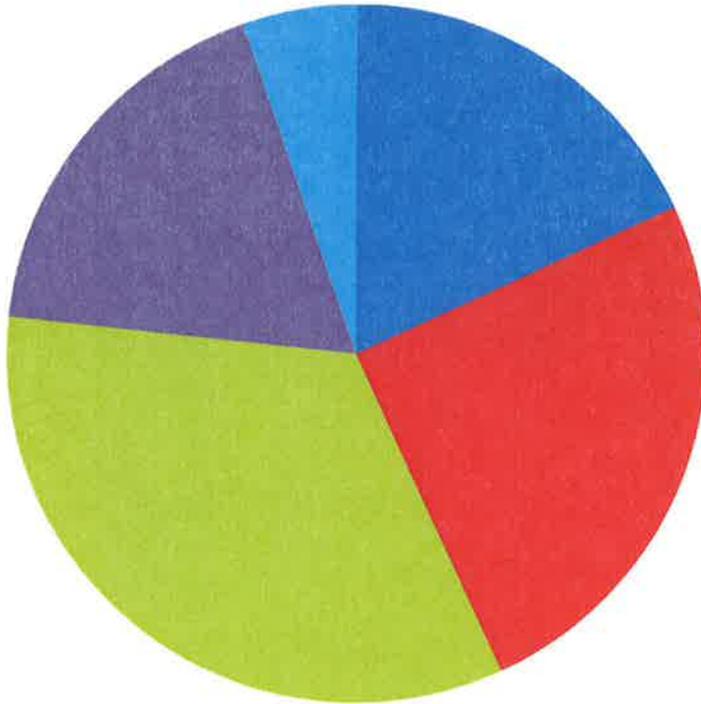


Data source: Quarterly Production reports FY09 - FY11

Investment = all expenditures reported with identified activities.

Homeownership Services Client Income

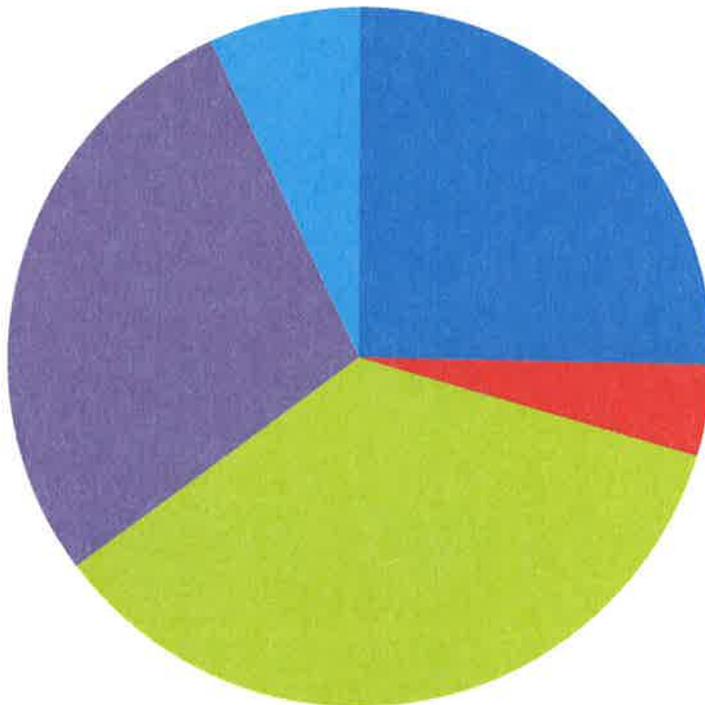
Total Network



data values for these pie-charts can be found in the Appendix

- Extremely low income: below 30% of AMI
- Very low income: between 30% and 50% of AMI
- Low income: between 51% to 80% of AMI
- Moderate income: between 81% - 120% of AMI
- Above moderate income: greater than 120% of AMI

Chattanooga Neighborhood Enterprise

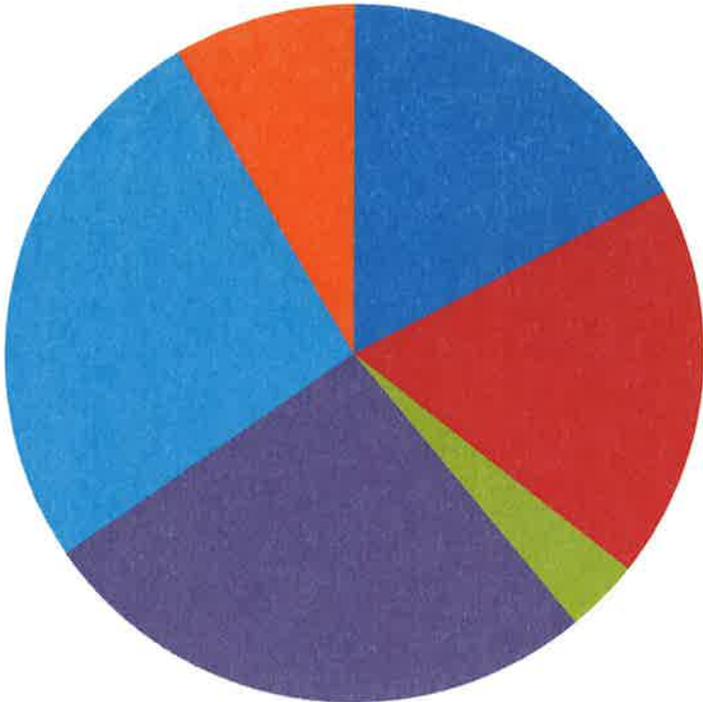


Data source: Quarterly Production reports FY09 - FY11

Homeownership Services Clients: clients reported as having received services that resulted in new homeownership &/or maintaining existing homeownership – including counseling, lending, owner-occupied rehab, foreclosure mitigation, etc.

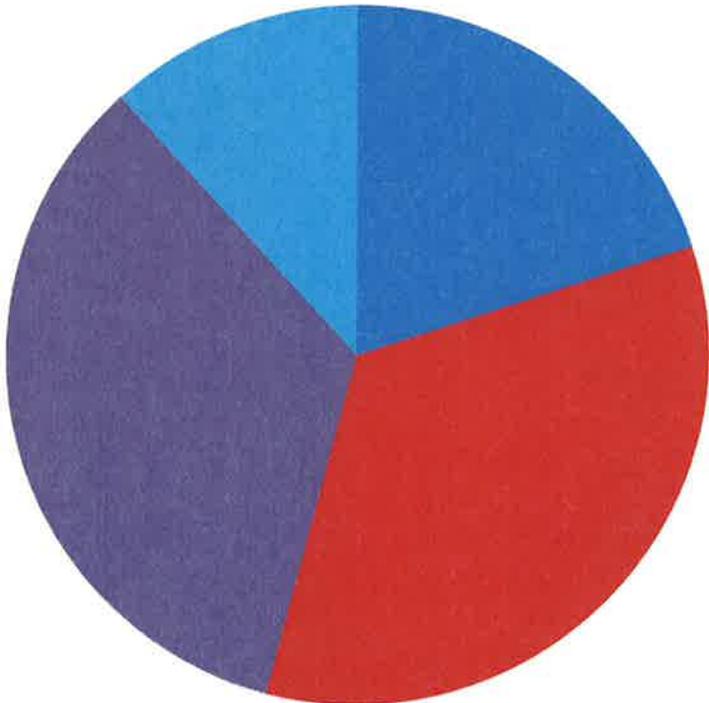
Rental Units - Head of Household Type

Total Network



data values for these pie-charts can be found in the Appendix

Chattanooga Neighborhood Enterprise

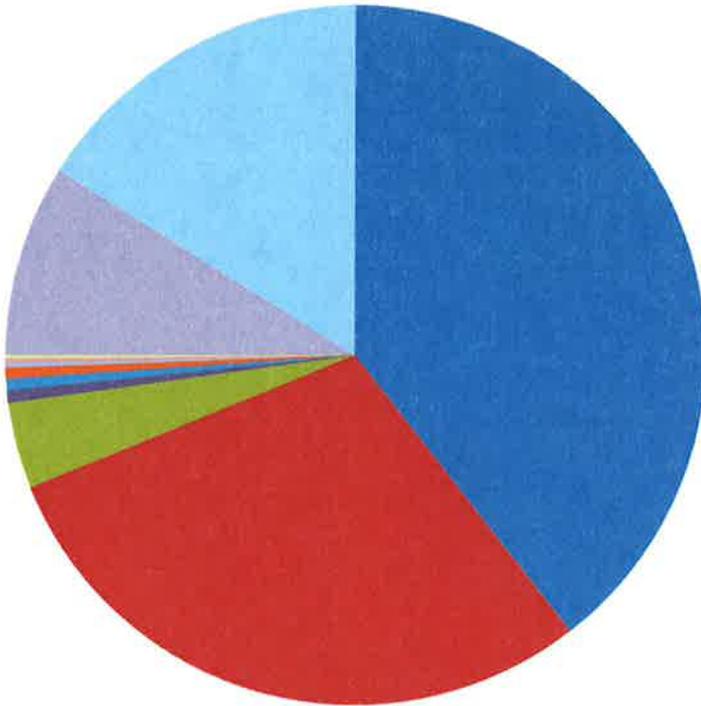


- Joint Households
- Male headed households
- Male headed households with children
- Female headed households
- Female headed households with children
- Not Available

Data source: Annual Survey - FY11

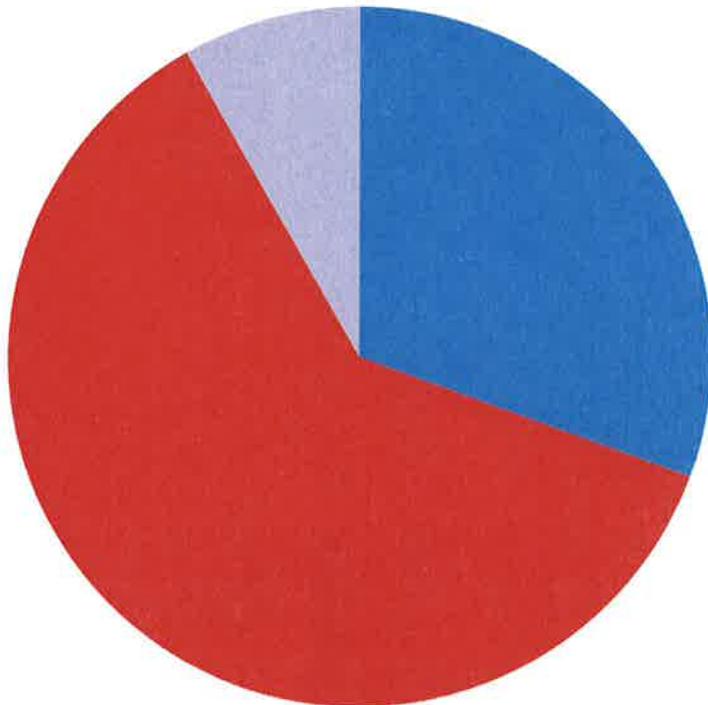
Rental Units - Head of Household Race

Total Network



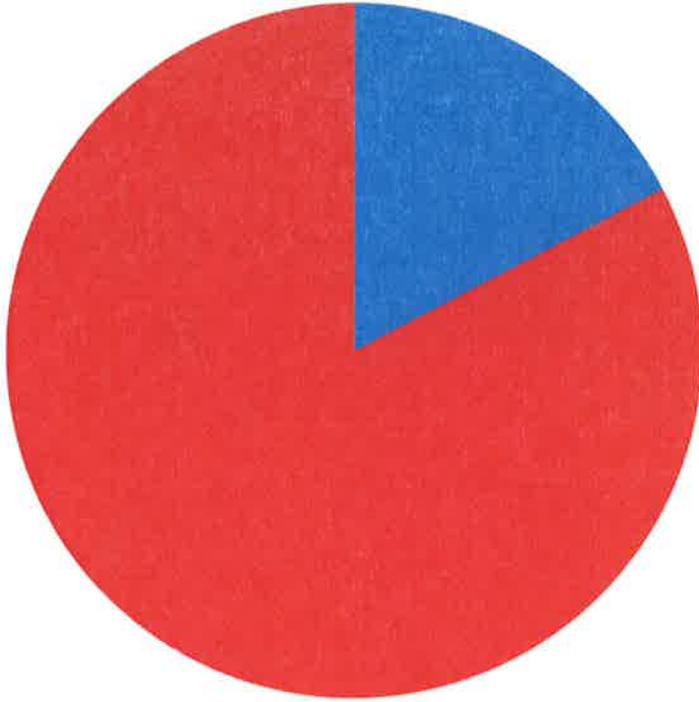
data values for these pie-charts can be found in the Appendix

Chattanooga Neighborhood Enterprise

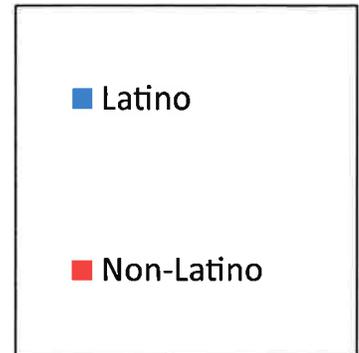
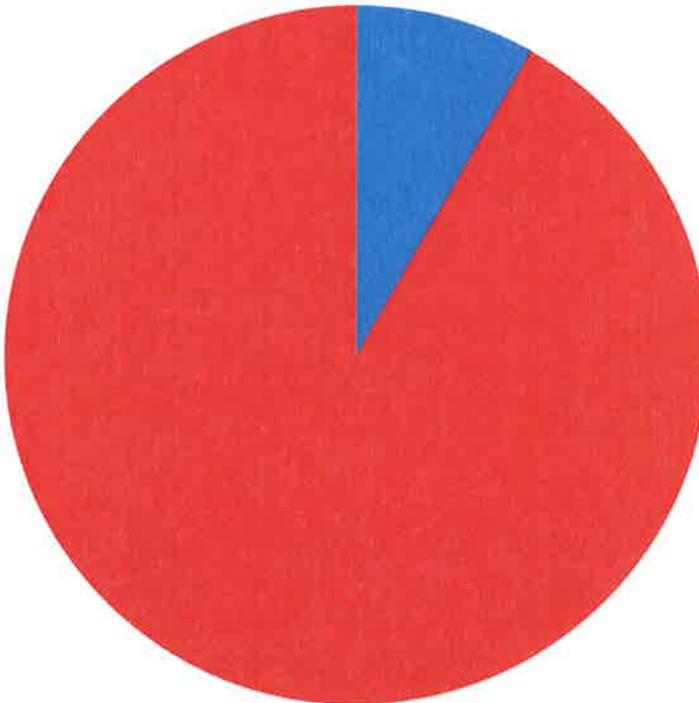


Rental Head of Household Clients - Ethnicity

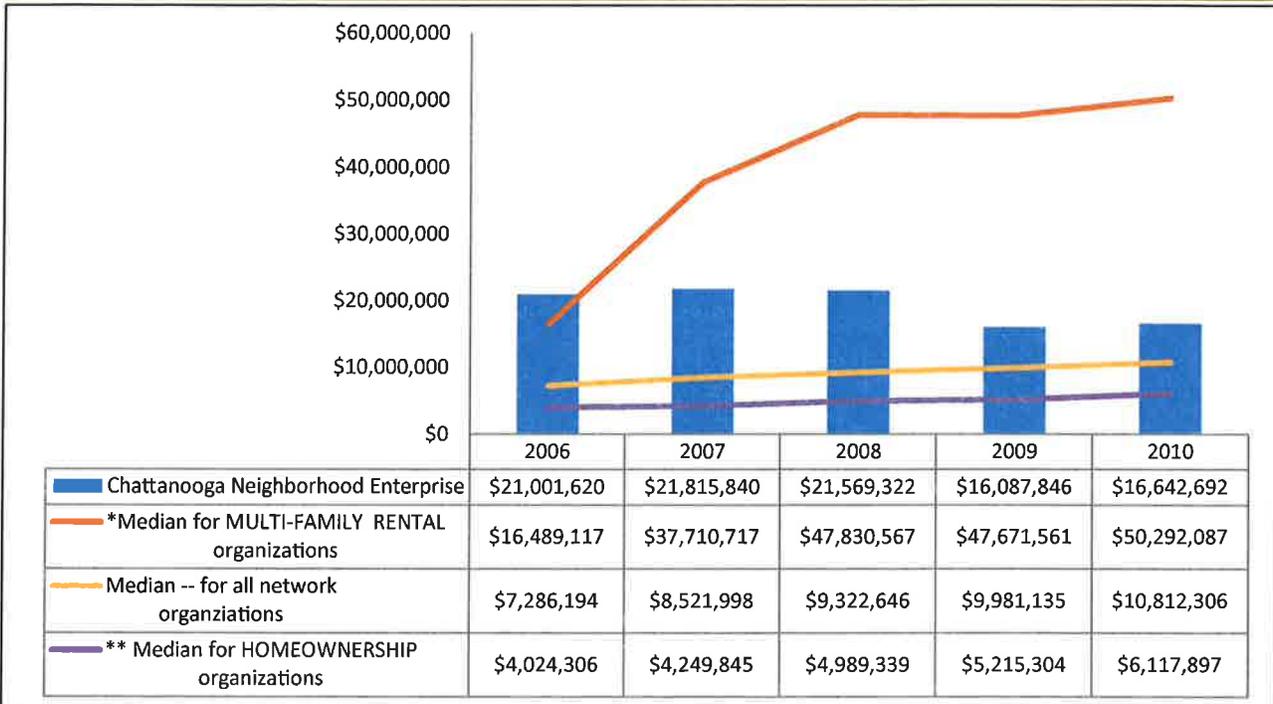
Total Network



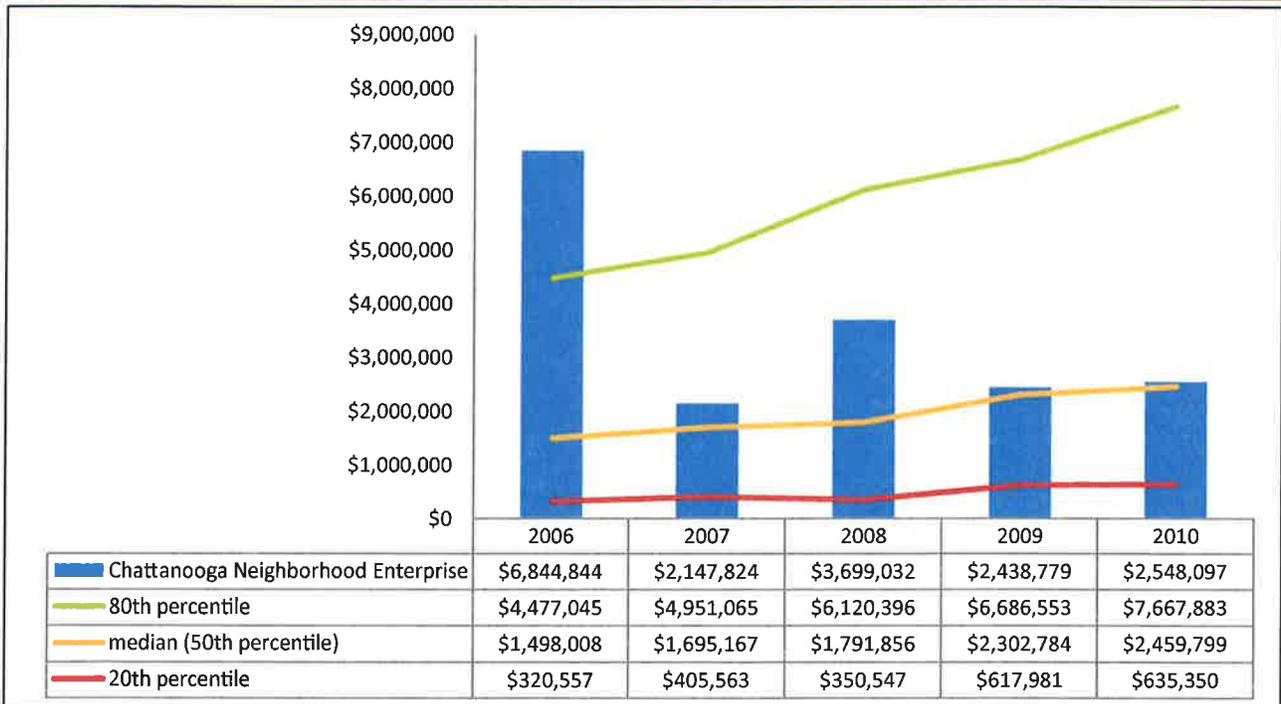
Chattanooga Neighborhood Enterprise



Total Assets



Unrestricted Net Assets

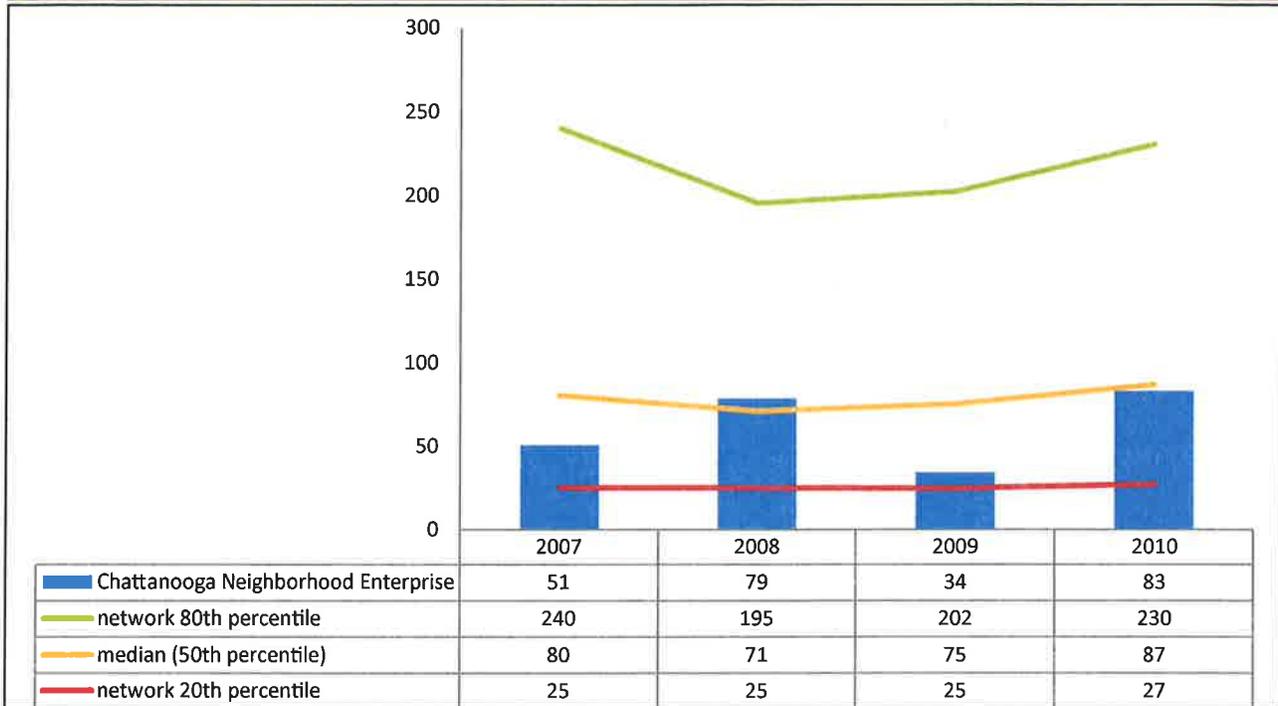


Data source: Organizational Assessment Division - Audit Analysis database & DataSync (for LOB indications)

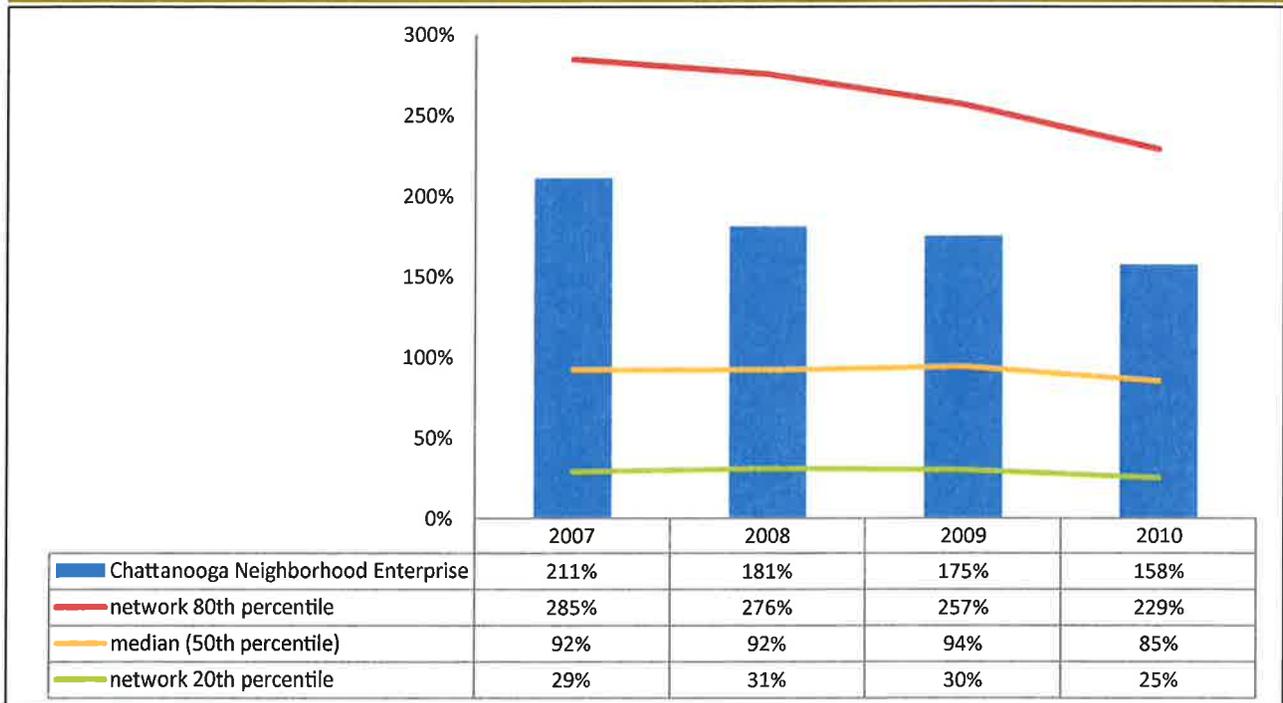
*MULTI-FAMILY RENTAL organizations = organizations that indicate having an 'Asset /Property Management ' (APM) line of business, but not a 'Homeownership' (HO) line of business.

**HOMEOWNERSHIP organizations = organizations that indicate having a 'Homeownership' (HO) line of business, but not an 'Asset /Property Management ' (APM) line of business.

Unrestricted Days Cash



Total Liabilities as % of Net Assets



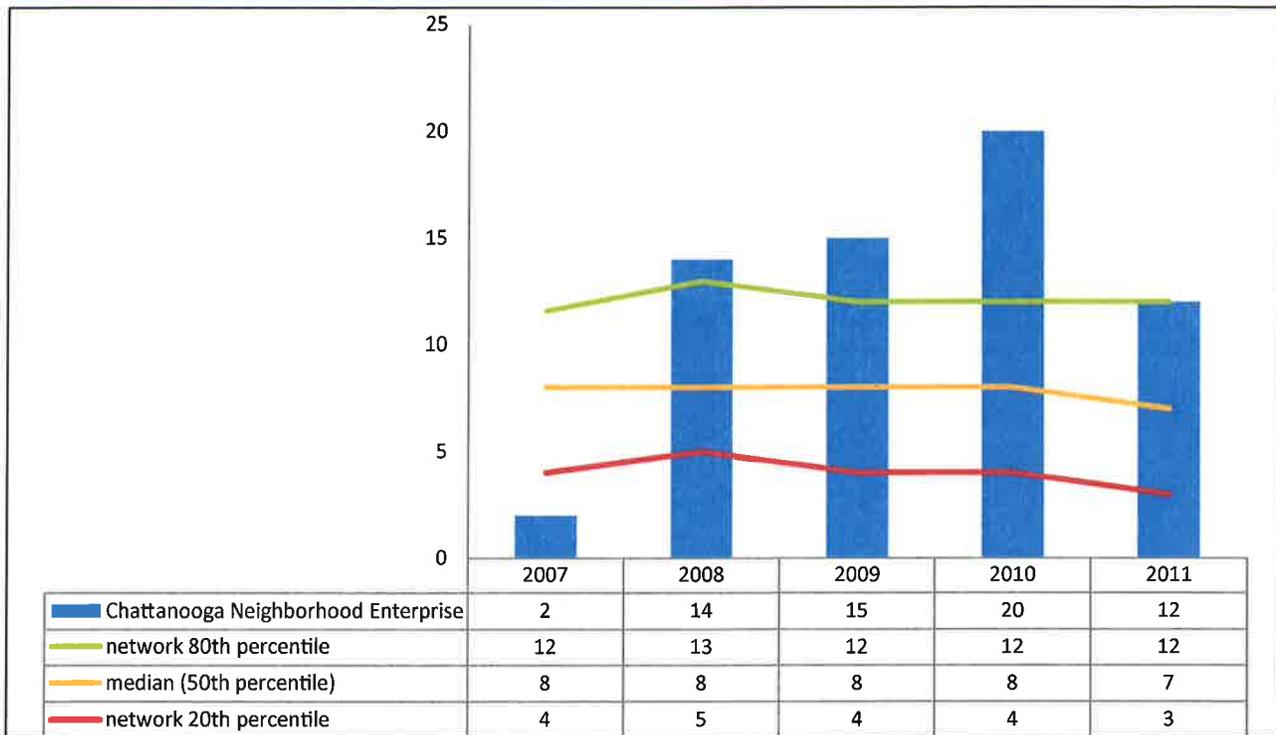
Data source: Organizational Assessment Division - Audit Analysis database

Unrestricted Days Cash = Cash + Cash Equivalents / (Total Expenses - Depreciation + CP LTD/365) : Indicates the number of days expenses that can be paid from current levels of cash.

Total Liabilities as % of Net Assets = Total Liabilities/Net Assets : A high number or a number trending upward may signal future liquidity problems or difficulty in acquiring additional debt.

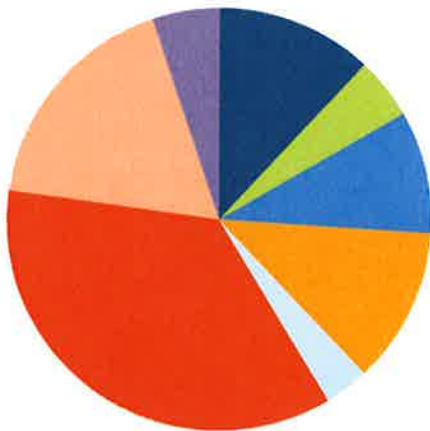
NeighborWorks Training Institute

Training Slot Utilization

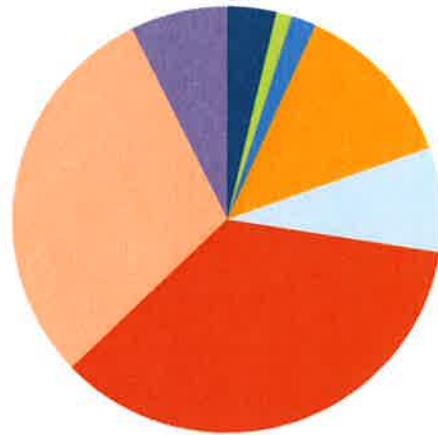


Courses of Study 2007-2011

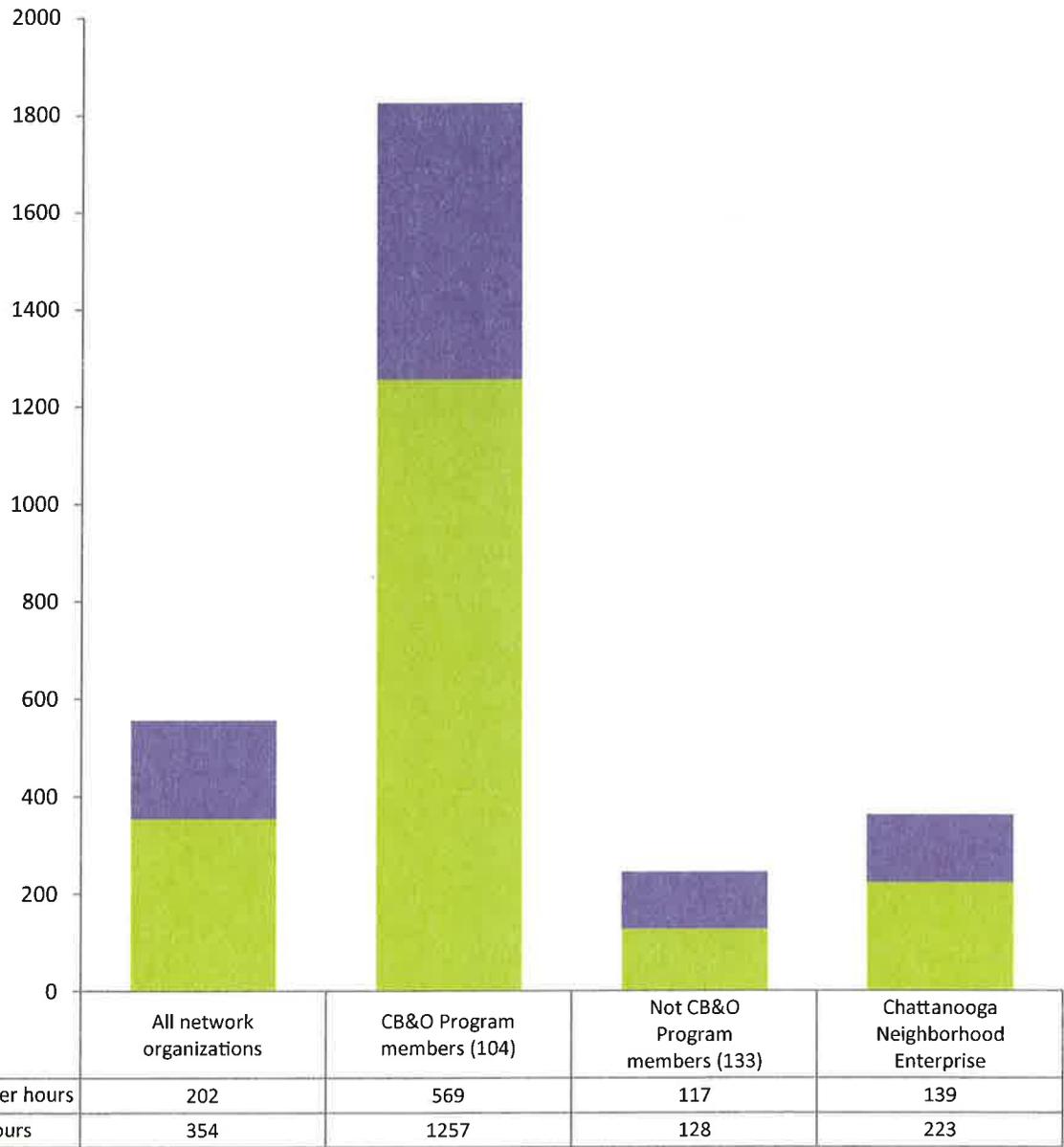
Total Network



Chattanooga Neighborhood



Community Building Activities Volunteer Hours



Is Chattanooga Neighborhood Enterprise a member of the CB&O Program ? - No

Data source: FY11 Quarterly CB&O Survey; aggregate numbers presented are medians

Attachment B: Comparative Financial Information

Attachment B: Comparative Financial Information

This section relates to agency efforts specifically funded by Chattanooga dollars to benefit Chattanooga residents, relative to the dollars given by adjoining governmental entities.

Dollars provided to your organization in FY 2012 by the following entities:	Percent of your total annual operational funding provided by local government	% of Hamilton County Population*
Chattanooga	41%	
Unincorporated Hamilton County		
Hamilton County Government's (General funds)		
Collegedale		
East Ridge		
Lakesite		
Lookout Mountain		
Red Bank		
Ridgeside		
Signal Mountain		
Soddy-Daisy		
Walden		
Other (Outside Hamilton County)	59%	
	Above percentages should total 100%	
Percent of Services rendered to residents of:	Estimate, if you do not now track this data.	
Chattanooga	60% (814)	49.83%
Unincorporated Hamilton County	17% (232)	30.22%
Hamilton County Government's (General funds)		
Collegedale		2.46%
East Ridge		6.24%
Lakesite		0.54%
Lookout Mountain		0.54%
Red Bank		3.46%
Ridgeside		0.12%
Signal Mountain		2.25%
Soddy-Daisy		3.78%
Walden		0.56%
Other (Outside Hamilton County)	23% (309)	
	Above percentages should total 100%	

*Population numbers are from 2010 U.S. Census.

Attachment C: Program Beneficiary Statistics

Homeownership Promotion: Program Beneficiary Statistics

Program Beneficiary Characteristics Clients/Patients/Recipients/Other	Last Year FY12 (July 1, 2011-June 30, 2012)	This year (estimated) FY13 (July 1, 2012-June 30, 2013)	Next Year (projected) This year (estimated) FY14 (July 1, 2013-June 30, 2014)
1. Unduplicated Count of Program Beneficiaries TOTAL	242	184	360
a) Total Continuing From Previous Fiscal Year	0	0	0
b) Total New for the Year	242	184	360
c) Total Terminated During the Year	0	0	0
2. Age Group TOTAL	242	184	360
a) Infants – Under 5	0	0	n/a
b) Between 5 and 12	0	0	n/a
c) Between 13 and 17	0	0	n/a
d) Between 18 and 29	64	12	n/a
e) Between 30 and 64	152	26	n/a
f) 65 and over	10		n/a
g) Not Known	16	142	n/a
3. Sex TOTAL	242	184	360
a) Male	94	56	n/a
b) Female	148	114	n/a
c) Not Known	0	14	n/a
4. Ethnic Background TOTAL	242	184	360
a) White	119	40	n/a
b) Black	97	122	n/a
c) Hispanic	8	4	n/a
d) Oriental	4		n/a
e) Other – Ethnic Minority	6	4	n/a
f) Not Known	8	14	n/a
5. % Income Level TOTAL	242	184	360
a) Below 9,999	2	5.4	n/a
b) 10,000 –19,999	83	17.4	n/a
c) 000 – 29,999	60	29.3	n/a
d) 30,000 and Over	97	38.0	n/a
e) Not Known	0	9.9	n/a
6. Location of Residence TOTAL	242	184	360
a) Chattanooga	144	136	214
b) Outside of Chattanooga	98	34	146
c) Not Known	0	14	0

Homeownership Preservation: Program Beneficiary Statistics

Program Beneficiary Characteristics Clients/Patients/Recipients/Other	Last Year FY12 (July 1, 2011- June 30, 2012)	This year (estimated) FY13 (July 1, 2012-June 30, 2013)	Next Year (projected) This year (estimated) FY14 (July 1, 2013-June 30, 2014)
2. Unduplicated Count of Program Beneficiaries TOTAL	995	988	870
d) Total Continuing From Previous Fiscal Year	0	0	0
e) Total New for the Year	995	988	870
f) Total Terminated During the Year	0	0	0
3. Age Group TOTAL	995	988	870
h) Infants – Under 5	0	0	n/a
i) Between 5 and 12	0	0	n/a
j) Between 13 and 17	0	0	n/a
k) Between 18 and 29	32	34	n/a
l) Between 30 and 64	669	678	n/a
m) 65 and over	72	78	n/a
n) Not Known	192	198	n/a
7. Sex TOTAL	995	988	870
a) Male	527	412	n/a
b) Female	468	576	n/a
c) Not Known	0	0	n/a
8. Ethnic Background TOTAL	995	988	870
a) White	685	610	n/a
b) Black	256	344	n/a
c) Hispanic	16	8	n/a
d) Oriental	8		n/a
e) Other – Ethnic Minority	6	10	n/a
f) Not Known	24	16	n/a
9. % Income Level TOTAL	995	988	870
a) Below 9,999	206	160	n/a
b) 10,000 –19,999	334	310	n/a
c) 20,000 – 29,999	221	186	n/a
d) 30,000 and Over	234	320	n/a
e) Not Known	0	12	n/a
10. Location of Residence TOTAL	995	988	870
a) Chattanooga	535	470	500
b) Outside Chattanooga	460	518	370

Neighborhood Engagement: Program Beneficiary Statistics

Program Beneficiary Characteristics Clients/Patients/Recipients/Other	Last Year FY12 (July 1, 2011- June 30, 2012)	This year (estimated) FY13 (July 1, 2012-June 30, 2013)	Next Year (projected) This year (estimated) FY14 (July 1, 2013-June 30, 2014)
3. Unduplicated Count of Program Beneficiaries TOTAL	1070	1412	1864
g) Total Continuing From Previous Fiscal Year	300	424	559
h) Total New for the Year	770	988	1305
i) Total Terminated During the Year	N/A	N/A	N/A
4. Age Group TOTAL	1070	1412	1864
o) Infants – Under 5	N/A	N/A	N/A
p) Between 5 and 12	N/A	N/A	N/A
q) Between 13 and 17	75	99	130
r) Between 18 and 29	118	155	207
s) Between 30 and 64	685	904	1193
t) 65 and over	103	152	178
u) Not Known	89	102	156
11. Sex TOTAL	1070	1412	1864
a) Male	310	417	504
b) Female	760	995	1360
c) Not Known	N/A	N/A	N/A
12. Ethnic Background TOTAL	1070	1412	1864
a) White	407	551	727
b) Black	449	607	802
c) Hispanic	96	127	168
d) Oriental	N/A	N/A	N/A
e) Other – Ethnic Minority	N/A	N/A	N/A
f) Not Known	118	127	167
13. % Income Level TOTAL	1070	1412	1864
a) Below 9,999	N/A	N/A	N/A
b) 10,000 –19,999	129	170	224
c) 20,000 – 29,999	182	240	317
d) 30,000 and Over	203	268	354
e) Not Known	556	734	969
14. Location of Residence TOTAL	1070	1412	1864
a) Chattanooga	824	1087	1435
b) Outside of Chattanooga	246	325	429
c) Not Known	N/A	N/A	N/A

Asset and Property Management: Program Beneficiary Statistics

Program Beneficiary Characteristics Clients/Patients/Recipients/Other		Last Year FY12 (July 1, 2011- June 30, 2012)	This year (estimated) FY13 (July 1, 2012-June 30, 2013)	Next Year (projected) This year (estimated) FY14 (July 1, 2013-June 30, 2014)
4. Unduplicated Count of Program Beneficiaries	TOTAL	174	139	78
j)	Total Continuing From Previous Fiscal Year	156	139	78
k)	Total New for the Year	18	0	n/a
l)	Total Terminated During the Year	8	Sold 20 units	Will Sell 46 Units
5. Age Group	TOTAL	174	139	78
v)	Infants – Under 5	12	2	n/a
w)	Between 5 and 12	19	14	n/a
x)	Between 13 and 17	14	12	n/a
y)	Between 18 and 29	32	29	n/a
z)	Between 30 and 64	89	73	n/a
aa)	65 and over	8	9	n/a
bb)	Not Known	0	0	n/a
15. Sex	TOTAL	174	139	78
a)	Male	85	75	n/a
b)	Female	89	64	n/a
c)	Not Known	0		n/a
16. Ethnic Background	TOTAL	174	139	78
a)	White	49	41	n/a
b)	Black	75	61	n/a
c)	Hispanic	18	10	n/a
d)	Oriental	0	1	n/a
e)	Other – Ethnic Minority	32	26	n/a
f)	Not Known	0		n/a
17. % Income Level	TOTAL	174	139	78
a)	Below 9,999	30	5	n/a
b)	10,000 –19,999	55	67	n/a
c)	20,000 – 29,999	65	27	n/a
d)	30,000 and Over	24	40	n/a
e)	Not Known	0		n/a
18. Location of Residence	TOTAL	174	139	78
a)	Chattanooga	174	139	78
b)	Outside of Chattanooga	0	0	0
c)	Not Known	0	0	0

Real Estate Development & Construction: Program Beneficiary Statistics

Program Beneficiary Characteristics Clients/Patients/Recipients/Other	Last Year FY12 (July 1, 2011- June 30, 2012)	This year (estimated) FY13 (July 1, 2012-June 30, 2013)	Next Year (projected) This year (estimated) FY14 (July 1, 2013-June 30, 2014)
5. Unduplicated Count of Program Beneficiaries TOTAL	0	15	15 households
m) Total Continuing From Previous Fiscal Year	0	0	0
n) Total New for the Year	0	15	15 households
o) Total Terminated During the Year	0	0	0
6. Age Group TOTAL	0	15	15
cc) Infants – Under 5	0	0	n/a
dd) Between 5 and 12	0	0	n/a
ee) Between 13 and 17	0	0	n/a
ff) Between 18 and 29	0	0	n/a
gg) Between 30 and 64	0	0	n/a
hh) 65 and over	0	0	n/a
ii) Not Known	0	0	n/a
19. Sex TOTAL	0	15	15
a) Male	0	0	n/a
b) Female	0	0	n/a
c) Not Known	0	0	n/a
20. Ethnic Background TOTAL	0	15	15
a) White	0	0	n/a
b) Black	0	0	n/a
c) Hispanic	0	0	n/a
d) Oriental	0	0	n/a
e) Other – Ethnic Minority	0	0	n/a
f) Not Known	0	0	n/a
21. % Income Level TOTAL	0	100%	100%
a) Below 9,999	0	0	0
b) 10,000 –19,999	0	0	0
c) 20,000 – 29,999	0	0	25%
d) 30,000 and Over	0	100%	75%
e) Not Known	0	0	0
22. Location of Residence TOTAL	0	15	15 households
a) Chattanooga	0	15	15 households
b) Outside of Chattanooga	0	0	0
c) Not Known	0	0	0

Attachment D: Schedule of Positions Salaries and Wages

1. Attachment D: Schedule of Positions, Salaries & Wages

ALL FINANCIAL INFORMATION TO THE NEAREST DOLLAR. FOR ADDITIONAL EMPLOYEES, COPY THIS FORM AS NEEDED.

Title of Position	Last Name, Initial	Part Time ? Yes/No	Years Employed	Retirement Benefits? Yes/No	Current			Proposed		
					Weeks Employed	Annual Rate	Budgeted	Weeks Employed	Annual Rate	Budgeted
Interim President/CEO	Ebersole, R	Yes	0.18	No	9.29	96,000				
CFO - Chief Financial Officer	Camacho, C	No	1.49	Yes	77.57	120,000				
Director of Development	Wilkinson, N	No	2.20	Yes	114.71	75,000				
Director of Strategic Initiatives	Garrison, A	No	1.46	Yes	76.14	70,000				
Homeownership Manager	Burke, C	No	17	Yes	884	53,700				
Senior Foreclosure Prevention Specialist	Fitzsimmons, J	No	3.10	Yes	161.71	46,000				
Compliance Officer	Fields, L	No	3.35	Yes	174.86	39,600				
Property Manager	Panichella	No	.86	Yes	44.86	35,360				
Staff Acct/HR Coordinator	Hamm, D	No	1.78	Yes	92.86	32,760				
Staff Accountant	Modi, D	No	.50	Yes	26.14	35,360				
Staff Accountant	Carico, S	No	.16	Yes	8.43	33,800				
Loan Servicing Specialist	Gouger, J	No	1.12	Yes	58.57	31,720				
Loan Servicing	Graham, A	No	.24	Yes	12.29	30,160				
Development Assistant for New Media	Schleifer, L	No	2.37	Yes	123.57	37,003				
Partnership and Program Coordinator	Politano, J	Yes	.42	No	21.86	26,000				
Homeownership Coordinator	Trulove, M	No	3.24	Yes	169.	34,008				
Foreclosure Prevention Advisor	Ocando, J	No	.42	Yes	21.86	31,990				
Homeownership Center Specialist	Cantrell, L	No	1.29	Yes	67.43	31,491				
Homeownership Center Advisor	McGhee, T	No	1.52	Yes	79.14	33,009				

**Attachment E: Major Sources of Funding for the Past Five
Years**

Major Sources of Funding for the Past Five Years

Program/Project Title	Name of Funding Source	Rec'd Four Years Ago	Rec'd Three Years Ago	Rec'd Two Years Ago	Rec'd Last Year	Rec'd Current Year	Request ed For Next Year
		2009	2010	2011	2012	2013	2014
General Fund	City of Chattanooga	1,000,000	900,000	900,000	900,000	900,000	1,000,000
Neighborhood Revitalization: includes property acquisition; rehabilitation; construction; Artist Housing and Live Near Your Work	Lyndhurst Foundation	7,200	442,751	545,635	455,000	70,000 *	
Interest Income	Interest Income	131,602	133,827	135,329	125,000	90,000 *	
NW America	NeighborWorks	36,390	26,044	153,500	150,000	120,000 *	
CDBG (Purchase / Rehab / HIL, Foreclosure, Other)	CDBG/HUD	466,340	700,000	894,110	773,656	65,000	
HOME (Purchase / Rehab / Other)	HOME/HUD	804,914	602,507	614,750	469,501	225,000	
Community Impact Chattanooga	CIC	52,500	5,000	0.00	41,955		
ARRA / WAP	State of TN			3,053,291	424,847	199,000 *	
Police Officers Assistance	City of Chattanooga				250,000		
Hardest Hit Funds (THDA)					90,000	292,500	
National Foreclosure Mitigation (THDA)					110,000	367,500	

(*) Budgeted

Attachment F: Budget Format

Attachment F: Budget Format

CITY OF CHATTANOOGA
FY2013 Agency Funding Financial Form

Account Category	Actual FY2010	Actual FY2011	Actual FY2012	Budget FY2013	Request FY2014	Incr (Decr) Request vs. FY13 Bud	% Change Request vs FY13 Bud
REVENUES							
Contributions							
Individuals/Private	500		150,000	50,000		-100000	-66.7%
Corporate/Organizations/Churches				125,000		125000	N/A
Fees/Grants from Governmental Agencies							
Federal	26,044	153,500	150,000	25,000		-125000	-83.3%
State	81,543	3,230,518	622,997	660,000		37003	5.9%
County						0	N/A
City of Chattanooga	2,261,756	2,676,952	2,436,207	1,773,155	1,000,000.00	-663052	-27.2%
Other Cities (Please list)						0	N/A
United Way							
Foundations (including grants)	1,554,777	545,635	100,000	190,000		90000	90.0%
Gross Proceeds Special Events						0	N/A
Other UW's/Federations						0	N/A
CFC/Designations received thru UWGC						0	N/A
UWGC Program Allocation						0	N/A
UWGC Special Funding						0	N/A
Membership Dues						0	N/A
Program Income				440,000		440000	N/A
Governmental Insurance						0	N/A
Private Insurance						0	N/A
Contracted Services						0	N/A
Fee for Services	462,567	365,985	241,820	341,763		99943	41.3%
Other Program Income	84,576	109,248				0	N/A
Sales to Public						0	N/A
Investment Income	4,644	15,148	5,000	90,350		85350	1707.0%
Miscellaneous	22,445	52,149				0	N/A
Other Revenues (Please list separately any major item)						0	N/A
Gain on Sale of Real Estate						0	N/A
Transfers in from other internal budgets						0	N/A
Income from Previous Year						0	N/A
						0	N/A
TOTAL REVENUES	4,498,852	7,149,135	3,706,024	3,695,268		\$ (10,756.00)	-0.3%
OPERATIONS							
Personnel Expenses							
Salaries	954,496	1,032,968	1,191,585	904,976		-286609	-24.1%
Fringe Benefits	12,243	12,356	16,048			-16048	-100.0%
Employee Health	121,167	142,058	131,746	67,642		-64104	-48.7%
Pension/Retirement	64,926	73,174	64,019	71,358		7339	11.5%
Payroll Taxes, etc.	83,204	93,655	96,200	86,331		-9869	-10.3%
Other (unemployment, life insurance, etc)	46,101	24,883	8,545	63,867		55322	647.4%
Total Personnel Expenses	1,282,137	1,379,094	1,508,143	1,194,174		(313,969.00)	-20.8%

OPERATING EXPENSES

Administration

	Actual FY2010	Actual FY2011	Budget FY2012	Request FY2013	vs. FY12 Bud	FY12 Bud
Services						
Professional Fee & Contract service	177,955	311,401	178,665	220,484	41819	23.4%
Utilities	33,785	46,078	11,597	12,000	403	3.5%
Other	47,746	89,136	5,596	8,500		
Rent	83,221	97,282	84,420	145,800		
Travel/Transportation			12,200		-12200	-100.0%
Local	5,854	5,281		5,000		
Out of Town	2,571	24,929		39,900		
Insurance (not employee health)	47,326	47,073	40,000	55,000	15000	37.5%
Materials & Supplies	34,588	40,507	26,912	32,500	5588	20.8%
Telephone, Fax, ISP	30,620	28,398	12,921	14,000	1079	8.4%
Postage and Shipping	4,969	4,566	5,000	6,200	1200	24.0%
Occupancy/Building/Utilities	62,892	24,514	6,000	8,500	2500	41.7%
Equipment Rental and Maintenance (including contracts)					0	N/A
Outside Printing, Art Work, etc.	43,137	77,779		12,500	12500	N/A
Conferences, Conventions, etc.	58,726	68,125	70,000	25,000	-45000	-64.3%
Special Assistance to Individuals					0	N/A
National Dues/Support Payments					0	N/A
Organization Dues (other than above)	4,649	8,050	5,500	6,500	1000	18.2%
Awards and Grants	1,312,136	4,453,859	1,521,940	1,577,705	55765	3.7%
Fund Raising/Self-Support Activities			60,000	91,000	31000	51.7%
Miscellaneous	63,301	59,599	12,000	18,000	6000	50.0%
Equipment Purchases (incl. capital expenses)					0	N/A
Depreciation	137,551	117,725		88,338	88338	N/A
Taxes	41,518	40,764		48,000	48000	N/A
Investment Losses on Real Estate	308,180				0	N/A
Operating Expenses Total	2,500,725	5,545,066	2,052,751	2,414,927	362,176.00	17.6%
TOTAL OPERATIONS	3,782,862	6,924,160	3,560,894	3,609,101	48,207.00	1.4%
REVENUE OVER/ (UNDER) OPERATIONS	715,990	224,975	145,130	86,167	(58,963.00)	-40.6%