

**BYLAWS OF
CHATTANOOGA NEIGHBORHOOD ENTERPRISE, INC.**

ARTICLE I

GENERAL

Section 1.01 **Name:** The name of the Corporation is Chattanooga Neighborhood Enterprise, Inc. (the "Corporation")

Section 1.02 **Principal Office:** The Principal Office of the Corporation shall be 1500 Chestnut Street, Suite A, Chattanooga, TN 37408, or such other location as may from time to time be approved by the Board of Directors.

Section 1.03 **Purpose:** The purpose of this Corporation shall be as stated in the Charter. This purpose will be carried out through programs that address the housing and credit needs of low to moderate income Chattanooga residents. These programs may include, but are not limited to, educational, lending, rental, housing development and small business support.

Section 1.04 **Limitations:** The aims of the Corporation are to be carried out through any and all lawful activities including others not specified in the Charter but incidental to the aims and purposes, both directly and indirectly and through contributions to any other Corporation, trust fund or foundation whose purposes are allowed within the limitations described in Section 501(c) (3) of the IRS Code and regulations thereunder or on any corporate contributions to which are deductible under Section 170 (c) (2) of the IRS Code as presently enacted or a may hereafter be amended or supplemented, or replaced or by new sections of similar import, and to the final regulations thereunder.

Section 1.05 **Amending the Bylaws or Charter:** The Bylaws and Charter of the Corporation may be amended or repealed and new bylaws adopted by a majority vote of any meeting of the Board of Directors at which there is a quorum present and the proposed amendment, or repeal has been properly noticed. For the purposes of amending the bylaws or charter no proxies will be permitted. Any proposed changes must be provided to the Board in writing at least ten days prior to the meeting duly held by the Board, setting forth the proposed action. The resulting Bylaws may contain any provision for the regulation and management of the business of the Corporation consistent with law and the Charter.

Section 1.06 **Corporate Seal:** The Corporation may or may not choose to use a seal. The seal will be maintained at the primary place of business as directed by the Board of Directors.

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ARTICLE II

BOARD OF DIRECTORS

Section 2.01 **Powers:** There shall be a Board of Directors of the Corporation, which shall supervise and control the business, property, and affairs of the Corporation, except as otherwise expressly provided by law, the Articles of Incorporation, or these Bylaws.

Section 2.02 **Board Composition:** A minimum of one third of the voting members of the Board of Directors must consist of representatives of low to moderate income communities. A low/mod income representative is defined as: 1). Residents of low/mod income neighborhoods in the community and/or 2). Low/mod-income residents of the community, and/or 3). Elected representatives of low/mod-income neighborhood organizations. At least one member of the Board shall be a governmental representative.

Section 2.03 **Number of Directors:** The Board of Directors of the Corporation shall be composed of no fewer than nine (9) and no more than eighteen (18) voting members. The number of Directors may be decreased, but no decrease shall have the effect of shortening the term of any incumbent Director.

Section 2.04 **Ex Officio Members:** The Mayor of Chattanooga and the Mayor of Hamilton County, or their designees, may serve as non-voting ex officio members of the Board. In addition, the Board, from time to time, may appoint as non-voting members of the Board, such other individuals who are valued for the technical or relational expertise they can lend to various matters to come before the Board.

- (a) Term Limits: Ex Officio members shall not be subject to term limits and may serve at the discretion of the Board for a period of time either shorter or longer than other Board members. The Mayors of Chattanooga and Hamilton County shall serve for a term concurrent with their terms of office. Designees appointed by the Mayors of Chattanooga and Hamilton County shall serve at the pleasure of said Mayors.
- (b) Quorum: As non-voting members of the Board, Ex Officio members shall not be counted in establishing a quorum.
- (b) Voting: While Ex Officio members may participate in discussion of business before the board, they may not vote on actions proposed to the Board of Directors and may not move or second a motion for action.

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Section 2.05 Election and Term of Office: The members of the Board of Directors shall be recommended by the Governance Committee. New Directors are elected by the existing Board of Directors at any meeting of the Board of Directors. Except as provided in subparagraph (a) and subparagraph (b) below, Directors shall serve for a term of three years. Directors may serve two (2) consecutive three year terms. After remaining off the Board for an interval of at least one year, any former Director may be re-elected to the Board. Upon resignation or removal of a Director as provided in Sections 2.08 and 2.09 below, the term of the resigned or removed Director shall be considered complete and the vacancy created thereby will be for a full, three year term and shall include the right of the incoming Director to serve a second consecutive three year term as provided herein.

(a) The term for the immediate past Chairman of the Board shall automatically be extended as necessary to provide that said past Chairman shall remain a Director for a period of one year following the end of his or her term of office as Chairman of the Board.

(b) The term of any Officer of the Board as established under Article III hereof shall be extended as necessary to provide that said Officer may complete the current term of his or her Office.

Section 2.06 Conflict of Interest: A Director has a duty to disclose any conflict of interest or any situation that may have the appearance of a conflict of interest, each Director will be required to abide by all Conflict of Interest Policies adopted by the Board from time to time and will be required to execute on an annual basis a commitment indicating his or her agreement to abide by that Conflict of Interest Policy.

Section 2.07 Compensation: Directors shall serve without compensation. Directors may be reimbursed for previously approved expenses incurred on behalf of the Corporation in carrying out its mission. Directors may not serve in a staff capacity for the Corporation while serving on the board. A Director wishing to be employed by the Board shall resign from his or her seat on the Board prior to making application for employment.

Section 2.08 Resignation: Any Director may resign at any time by giving written notice to the Chairman of the Board. Such resignation shall take effect at the time specified therein, or, if no time is specified, at the time of acceptance thereof as determined by the Chairman of the Board.

Section 2.09 Removal: All Directors shall serve at the pleasure of the Board of Directors and any Director may be removed at any time with or without cause by vote of two-thirds of the voting Directors then serving whenever in the judgment of the Board the best interest of the Corporation will be served thereby. Additionally, Directors who are unable to regularly participate in the meetings and activities of the Board, without reasonable excuse, may be removed from the Board.

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Section 2.10 **Vacancies:** So long as at least nine (9) voting Directors are serving on the Board vacancies occurring in the Board of Directors need not be filled. The Board of Directors, upon recommendation of the Governance Committee may in its discretion fill any vacancy in the Board at any regular or special meeting of Board.

ARTICLE III

OFFICERS

Section 3.01 **Titles of Officers:** The Board shall have a Chairman, a Vice Chairman, a Treasurer, a Secretary and such other officers as are elected by the Board.

Section 3.02 **Terms of Officers:** Officers shall be elected to a one-year term. Officers may succeed themselves for a position once. After an interval of one year an officer may hold the same office again.

Section 3.03 **Election of Officers:** The Governance Committee shall propose a slate of officers to the Board of Directors at the annual meeting. At the annual meeting nominations may be taken from among the other Board members present.

Section 3.04 **Removal:** Any Officer may be removed from office by the vote of a majority of the entire Board whenever in its judgment the best interest of the Corporation will be served thereby.

Section 3.05 **Vacancies:** Any and all vacancies occurring among officers shall be filled by a majority vote of the Board at its next regular or special meeting.

Section 3.06 **Power and Duties of Officers:** The powers and duties of the officers of the Board shall be as follows:

(a) Chairman. The Chairman shall preside at all meetings of the Board and appoint all committee chairs and co-chairs, except where otherwise provided by these bylaws. The Chairman shall be a voting member of all Board committees. The Chairman shall see that all orders and resolutions of the Board are carried into effect, shall have general supervision over the active management of the business and affairs of the Board, and shall perform such other duties as the Board of Directors or the Executive Committee may from time to time prescribe.

(b) Vice Chairman. The Vice Chairman shall perform the duties of the Chairman in the event of the Chairman's absence, resignation, or inability to perform, and shall perform such other duties as the Board of

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Directors or the Executive Committee may from time to time prescribe.

- (c) Secretary. The Secretary shall attend all meetings of the Board and record or cause to be recorded all votes and the minutes of all proceedings in a book to be kept for that purpose. He or she shall give, or cause to be given, notice of all meetings of the Board, and shall perform such other duties as the Board of Directors or the Executive Committee may from time to time prescribe.
- (d) Treasurer. The Treasurer shall prepare, or cause to be prepared, a full and accurate accounting of receipts, disbursements, assets and liabilities of the Corporation and for the same to be recorded in the books and records of the Corporation. The Treasurer shall prepare, or cause to be prepared, reports on the financial condition of the Corporation as may be requested by the Executive Committee and the Board and shall deliver or cause to be delivered said reports at the regular meetings of the Executive Committee and the Board. The Treasurer shall perform such other duties as the Board of Directors or the Executive Committee may from time to time prescribe.
- (e) Other Officers. The Board may appoint such other officers and agents as it shall deem necessary or advisable, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

ARTICLE IV

COMMITTEES

Section 4.01 Standing Committees: The Board of Directors of the Corporation shall have the following Standing Committees each of which shall have a Chair as provided herein. At the discretion of the Chairman of the Board any standing committee or other committee designated by the Board may also have a co-Chair which co-chair shall be appointed by the Chairman of the Board subject to approval by vote of a majority of the Board.

Executive Committee: The Board Chairman will chair the Executive Committee. The Executive Committee will consist of the Officers of the Board, and others that the Board Chair may assign. The Executive Committee will have such powers as the Board may authorize, including hearing appeals of personnel actions taken by the chief executive, and may act on matters of urgency between meetings of the Board of Directors and

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recommend action on those items to the full board. The Executive Committee will annually review the job performance of the Chief Executive Officer and make recommendations to the Board regarding compensation. In instances where timely action is required, the Executive Committee may undertake such actions or direct staff to undertake such actions as are necessary for the conduct of business with the understanding that the action will be reviewed by the full board at its next meeting.

Resource Development Committee: The Resource Development Committee Chair is appointed by the Board Chair. The Resource Development Committee is responsible for ensuring that the Corporation has adequate financial resources to carry out its mission. The Committee develops and implements the Corporation's Resource Development Plan, leads all organizational fundraising efforts and ensures that resource development includes grants, contributions and gifts from a variety of sources. The Committee meets as often as necessary to fulfill its duties.

Finance Committee: The Finance Committee Chair will be selected by the Board Chair and may be any voting Director. The Finance Committee will review financial statements and investment accounts monthly and report to the Board at each scheduled Board meeting. The committee also reviews non asset acquisition contracts in excess of \$25,000 and makes recommendations to the Board for action on such contracts. The committee meets by any method authorized for Board meetings and will consist of no fewer than three members.

Governance Committee: The Governance Committee Chair is selected by the Board Chair and may be any voting Director. -. The Governance Committee is responsible for ensuring that the board fulfills its legal, ethical, and functional responsibilities through adequate governance policy development, recruitment strategies, training programs, monitoring of board activities, and evaluation of board members' performance. The Governance Committee will ensure that the board of directors is able to govern the organization effectively through the creation of governance policies and procedures; recruiting and nominating suitable board members; providing orientation and training programs for board members, and evaluating the performance of individual members and the board a whole.

Audit Committee: The Audit Committee Chair is selected by the Board Chairman and may be any voting Director with the exceptions of the Treasurer and the Board Chairman. The Audit Committee is responsible for recommending a CPA firm to conduct the annual audit and shall work with such firm and with staff in the preparation of the annual audit. The Audit Committee will review compliance by the Corporation with all applicable laws and regulations. The Audit Committee meets as needed by all means authorized, may consist of no fewer than three members and may not include the Treasurer.

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Program Committee: The Program Committee Chair is selected by the Board Chairman and may be any voting Director. The Program Committee provides oversight to the organization's programs, services and lines of business, ensuring that organizational efforts meet the needs of the service area. The Committee provides program monitoring and evaluation, ensuring that programs and services remain relevant and customer focused. The Committee meets not less than quarterly and consists of no fewer than five members.

Real Estate Committee: The Real Estate Committee Chair is selected by the Board Chairman and may be any voting Director. The Real Estate Development Committee is responsible for the oversight of all real estate development projects that are owned and developed by CNE. Such projects may include the development of single-family homes, multi-family properties, subdivisions, or mixed-use projects. These projects may be developed as either rental or owner-occupied housing. The committee also reviews all asset acquisition or disposition actions to be taken by the Corporation, reviews contracts in excess of \$25,000 and makes recommendations to the Board for action on such contracts.

Section 4.02 Other Committees: By a majority of all Directors present at any meeting of the Board, the Board may designate committees, or such other working groups as the Board shall deem appropriate consisting of two (2) or more persons who may or may not be Directors, and may delegate to such committees all such authority of the Board that the Directors may legally delegate. The designation of any such committee and the delegation thereto of authority shall not relieve any Director of any responsibility imposed by law.

Section 4.03 Limitations on Committees' Authority: No committee shall: (i) authorize distributions; (ii) approve the dissolution, merger or sale of the Corporation; (iii) approve the sale, pledge or transfer of all or substantially all of the Corporation's assets; (iv) elect, appoint or remove Directors or fill vacancies on the Board or any of its committees; (v) adopt, amend or repeal the charter or bylaws; or (vi) approve any action that is required to be approved by the Board.

Section 4.04 Committee Meetings: So far as applicable, the provisions contained herein and the provisions of law relating to the conduct of meetings of the Board shall govern meetings of the Standing Committees and other committees. Each committee shall keep minutes and report any action taken to the meeting of the Board next following the taking of such action, unless the Board otherwise requires. Any Director may attend any meeting of any committee of the Board regardless of such Director's assignment to that committee and may participate in discussion of business before the committee, but may not vote on actions proposed by the committee and may not move or second a motion for action by the committee.

Section 4.05 Removal of Committee Members: Each committee, and each member of
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any committee, shall serve at the pleasure of the Board.

Section 4.06 **Alternate Committee Members:** The Board may designate one or more Directors as alternate members of any such committee, who may replace any absent member or members at any meeting of the committee.

Section 4.07 **Committee Chairs:** Except as provided in Article IV, the Chairman shall appoint committee chairs and or co-chairs, who are then authorized to select individuals to serve as committee members. Committee chairs or co-chairs may be removed by the Board Chairman at any time by vote of a majority of the Directors present. Chairs or co-chairs of committees who are not members of the Board of Directors shall be non-voting ex officio members of the Board for their tenure as chair.

ARTICLE V

MEETINGS

Section 5.01 **Annual Meetings:** The Annual Meeting of the Board shall be held within the first quarter of each calendar year. An annual meeting may be combined with any regular Board meeting if the notice of the meeting so designates it and no Directors object.

Section 5.02 **Regular Meetings:** The Board of Directors shall meet a minimum of five (5) times per year - to conduct the regular business of the Board. The time and place of such meetings shall be determined by the Board of Directors.

Section 5.03 **Special Meetings:** Special meetings of the Board of Directors may be called at the direction of the Chairman or by a majority of the voting Directors then in office, to be held at such time, day, and place as shall be designated in the notice of the meeting.

Section 5.04 **Notice:** Notice of the time, day, and place of any meeting of the Board of Directors shall be given at least 2 days before the meeting and in writing delivered either electronically or physically; however, written notice describing the purpose of the meeting shall be given to each Director not less than seven (7) days before any special or regular meeting called to amend the charter or the by-laws; remove a Director; adopt a plan of merger or dissolution; or consider the sale, lease, exchange or other disposition of all or substantially all of the Board's assets. Notice shall include the time and place of the meeting and any business proposed to be brought before the Board at that time. The purpose for which a special meeting is called shall be stated in the notice. Any Director may waive notice of any meeting by a written statement executed either before or after the meeting. Attendance and participation at a meeting without objection to notice shall also constitute a waiver of notice.

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Section 5.05 **Quorum:** A quorum of the Board will be deemed present when 40% of the voting Directors are in attendance. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any of those present, and a meeting may be adjourned despite the absence of a quorum.

Section 5.06 **Manner of Acting:** Except as otherwise expressly required by law, the Articles of Incorporation, or these Bylaws, the affirmative vote of a majority of the voting Directors at any meeting at which a quorum is present shall be the act of the Board of Directors. Each Director shall have one vote. Voting by proxy shall be permitted by registering a proxy with the secretary of the Board of Directors providing instructions regarding action to be taken on a specific issue. Proxy shall not be counted as a member in attendance for purposes of determining a quorum.

Section 5.07 **Unanimous Written Consent In Lieu of a Meeting:** The Board may take action without a meeting if written consent to the action is signed by all of the Directors.

Section 5.08 **Participation in Meetings Through Differing Means of Communication Allowed:** Participation by members of the Board or any committee designated by the Board in any meeting of the Board or committee by means of any communications equipment by which all persons participating in the meeting can hear each other shall be permitted. Participation in such a meeting pursuant to this Paragraph 6.08 shall constitute presence in person at such meeting. The Directors or committee members, as appropriate, shall be promptly furnished a copy of the minutes of any meeting held under this paragraph.

ARTICLE VI

CHIEF EXECUTIVE OFFICER

A Chief Executive Officer ("CEO") may be selected by the Board to serve at a salary and on such terms as the Board may determine. If employed, the CEO may be a non-voting member of the Board and Executive Committee the provisions of section 2.07 above to the contrary notwithstanding; and will be responsible for carrying out the policies established by the Board. The CEO shall have immediate and overall supervision of the operations of the Corporation, and shall direct the day-to-day business of the Corporation, maintain the properties of the Corporation, hire, discharge, and determine the salaries and other compensation of all staff members under the CEO's supervision, and perform such additional duties as may be directed by the Board of Directors.

ARTICLE VII

CONTRACTS INVESTMENTS AND ACCOUNTS

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The Chief Executive Officer and Board Officers in combination or alone as directed by the Board may execute contracts, make investments, and open bank accounts as needed to conduct the business of the Corporation. All records of these are presented within the financial statements of the Corporation at the times required by the Board for their convenience in conducting oversight of the Board's activities. Authority may be delegated by Board action and signors on all bank accounts are named by Board action. Deposits will be made in federally insured accounts or in accounts secured by pledged assets in instances where deposits exceed federal insurance limits.

ARTICLE VIII

BONDS AND INSURANCE

The Board of Directors and all employees authorized to act on behalf of the Board shall be bonded and insured with liability coverage at a level set by the Board of Directors at the expense of the Corporation.

ARTICLE IX

LIMITED LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

The liability of the Directors and officers of this Board shall be limited to the maximum extent permissible in accordance with the provisions of the charter of the Board and the Tennessee Nonprofit Board Act, as now or hereafter in effect. Any Director or officer, or his/her executor or administrator, shall be entitled to indemnification to the fullest extent allowed in accordance with the charter of the Corporation and the Tennessee Nonprofit Board Act, as now or hereafter in effect.

ARTICLE X

GIFTS

The Board of Directors and employees may accept gifts, bequests, and contributions to the Board on behalf of the Corporation in accordance with the Gift Acceptance Policy adopted by the Board, as same may be amended from time to time ("Gift Acceptance Policy"). A record of all gifts made to and received by the Board will be maintained by the Secretary of the Board of Directors and will be reported to the Board as required in the Gift Acceptance Policy. All gifts received by employees and Board members are considered the property of the Corporation. No gifts may be accepted except as set forth in the Gifts Acceptance Policy and except as set forth in the Gifts Acceptance Policy, Directors and employees of the Board may not receive gifts for their personal use.

ARTICLE XI

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EXEMPT ACTIVITIES

Notwithstanding any other provision of these bylaws, no Director, officer, employee or representative of this Board shall take any action or carry on any activity by or on behalf of the Board not permitted to be taken or carried on by a Corporation exempt under Section 501©(3) of the Internal Revenue Code and its regulations as they now exist or as they may hereafter be amended or by an Corporation contributions to which are deductible under Section 170©(2) of such Code and regulations as they now exist or as they may hereafter be amended. In addition, neither the Board nor any individual acting on behalf of the Board shall make a financial contribution to any campaign for political office.

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