HOMECOM COMMUNICATIONS INC
Form 10-Q
November 14, 2001

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

/ X / QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2001.

/ / TRANSITION REPORT PURSUANT TO 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission File Number 0-29204

HOMECOM COMMUNICATIONS, INC
(Exact name of small business issuer as specified in its charter)

DELAWARE	58-2153309
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3495 Piedmont Road
Building 12, Suite 110
Atlanta, Georgia 30305
(Address of principal executive offices)

(404) 237-4646
(Issuer's Telephone Number)

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes _____ No __X__

The Company did not timely file a Current Report 8-K to report the sale of certain assets on January 31, 2001.

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of October 31, 2001, there were 9,359,156 outstanding shares of the registrant's Common Stock, par value $0.0001 per share.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

HOMECOM COMMUNICATIONS, INC.

Consolidated Balance Sheets as of September 30, 2001 and December 31, 2000

	September 30, 2001 (unaudited)
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 394,051
Accounts receivable, net	202,731
Total current assets	596,782
Furniture, fixtures and equipment held for sale	81,755
Deposits	
Intangible assets, net	
Investment	
Total assets	$ 678,537
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 1,288,933
Accrued payroll liabilities	20,038
Current portion of obligations under capital leases	14,511
Total current liabilities	1,323,482
Other liabilities	5,385
Obligations Under capital Leases	6,347
Total liabilities	1,335,214
Redeemable Preferred stock, Series B, $.01 par value, 125 shares authorized, 125 shares issued at September 30, 2001 and December 31, 2000 and 17.8 shares outstanding at September 30, 2001 and December 31, 2000, convertible, participating; $401,147 liquidation value as of September 30, 2001	251,750
STOCKHOLDERS' DEFICIT:	
Common stock, $.0001 par value, 15,000,000 shares authorized, 9,359,156 shares issued and outstanding at September 30, 2001 and December 31, 2000	936
Preferred stock, Series C, $.01 par value, 175 shares issued and authorized, 92.1 shares outstanding at September 30, 2001 and December 31, 2000, convertible, participating; $2,082,880 liquidation value at September 30, 2001	1
Preferred stock, Series D, $.01 par value, 75 shares issued and authorized, 1.3 shares outstanding at September 30, 2001 and December 31, 2000,	

convertible, participating; $28,931 liquidation value at September 30, 2001	1
Preferred stock, Series E, $.01 par value, 106.4 shares issued and authorized, 106.4 shares outstanding at September 30, 2001 and December 31, 2000, convertible, participating; $2,375,946 liquidation value at September 30, 2001	1
Additional paid-in capital	24,724,570
Accumulated deficit	(25,633,936)
Total stockholder's deficit	(908,427)
Total liabilities and stockholder's deficit	$ 678,537

The accompanying notes are an integral part of these financial statements

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HOMECOM COMMUNICATIONS, INC.

Consolidated Statements of Operations for the nine months ended September, 2001 and 2

	Three Months Ended September 30,		Nine Month Septemb
	2001	2000	2001
Revenues	$ 308,212	1,001,876	$ 929,010
Cost of Revenues	209,675	775,732	763,322
GROSS PROFIT	98,537	226,144	165,688
OPERATING EXPENSES:			
Sales and marketing	614	502,213	704
Product development		52,449	
General and administrative	142,059	295,654	596,494
Depreciation and amortization		225,974	
Asset Impairment Charge			493,905
Total operating expenses	142,673	1,076,290	1,091,103
OPERATING LOSS	(44,136)	(850,146)	(925,415)
OTHER EXPENSES (INCOME)			
Interest expense		(96)	
Other income, net	(4,152)	(19,628)	(144,766)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(39,984)	(830,422)	(780,649)
INCOME TAX PROVISION (BENEFIT)	0	0	0
LOSS FROM CONTINUING OPERATIONS	(39,984)	(830,422)	(780,649)
LOSS FROM DISCONTINUED OPERATIONS		(644,000)	

GAIN ON DISPOSAL OF DISCONTINUED BUSINESS SEGMENT			394,543
NET LOSS	(39,984)	(1,474,42)	(386,106)
DEEMED PREFERRED STOCK DIVIDEND	(36,603)	(213,222)	(109,809)
LOSS APPLICABLE TO COMMON SHAREHOLDERS	$ (76,587)	$(1,687,644)	$ (495,915)
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED			
CONTINUING OPERATIONS	$ (0.01)	$ (0.12)	$ (0.09)
DISCONTINUED OPERATIONS		(0.07)	0.04
LOSS PER SHARE - BASIC AND DILUTED	$ (0.01)	$ (0.19)	$ (0.05)
WEIGHTED NUMBER OF SHARES OUTSTANDING	9,359,156	9,036,095	9,359,156

The accompanying notes are an integral part of these financial statements.

HOMECOM COMMUNICATIONS, INC.

Consolidated Statements of Cash Flows for the nine months ended September 30, 2001 and 2000

	Nine Months End September 30 (unaudited) 2001	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (386,106)	$(5
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization		2
Write down of investment	493,905	
Provision for bad debts	40,654	
Deferred rent expense	3,565	
Forgiveness of subscription receivable		
Change in operating assets and liabilities:		
Accounts receivable	(27,336)	
Prepaid expenses		
Accounts payable and accrued expenses	(715,049)	
Accrued payroll liabilities	(341,354)	
Unearned revenue		
Other		
Net cash used in operating activities	(931,721)	(2
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of furniture, fixtures, and equipment	(15,679)	
Proceeds from sale of divisions	864,603	

Net cash provided by (used in) investing activities	848,924	
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of capital lease obligations	(43,868)	
Proceeds from issuance of common shares and exercise of warrants		
Proceeds from issuance of preferred shares and exercise of warrants		1
Proceeds from a receivable of a related party		
Net cash provided (used in) financing activities	(43,868)	2
NET DECREASE IN CASH AND CASH EQUIVALENTS	(126,665)	
CASH AND CASH EQUIVALENTS at beginning of period	520,716	1
CASH AND CASH EQUIVALENTS at end of period	$ 394,051	$

The accompanying notes are an integral part of these financial statements.

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HOMECOM COMMUNICATIONS, INC.

Notes to Consolidated Financial Statements

1. BASIS OF PRESENTATION

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to Article 10 of Regulation S-X of the Securities and Exchange Commission. The accompanying unaudited financial statements reflect, in the opinion of management, all adjustments necessary to achieve a fair statement of the financial position and results of operations of HomeCom Communications, Inc. (the "Company") for the interim periods presented. All such adjustments are of a normal and recurring nature. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on form 10-K.

2. GOING CONCERN MATTERS

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidations of liabilities in the normal course of business. The Company has incurred significant losses since its incorporation resulting in an accumulated deficit as of September 30, 2001 of approximately $25.6 million. The Company continues to experience negative cash flows from operations and has been dependent on continued financing from investors to sustain its activities. There is no assurance that such financing will be available in the future. These factors raise doubt about the Company's ability to continue as a going concern.

On March 23, 2001 the Company announced that it is seeking to wind down its operations. Our business is dependent on continued financing from investors to sustain our activities, and we have been unable to obtain the additional financing that we need to remain in operation. We currently have insufficient assets to satisfy completely our obligations to our creditors and the liquidation preferences of our preferred stock. We continue to evaluate our alternatives, including the possible sale of other assets, but we cannot offer any assurances that we will be able to identify or complete any transactions that will enable us to remain in operation.

3. SEGMENT INFORMATION

Historically, the Company was organized into five separate business units. The Company has determined that its reportable segments were those that were based on the Company's method of internal reporting, which disaggregated its business by product and service category into business units. The Company's reportable segments were custom Web development (FAST), Internet outsourcing services (HostAmerica), Internet security services (HISS), software products, and InsureRate/FIMI. On June 9, 1998, the Company sold substantially all of the assets of its HostAmerica Internet outsourcing services business unit to Sage Acquisition Corp. On October 1, 1999 the company sold all of the assets of its HISS unit to Infrastructure Defense, Inc. On January 31, 2001 the Company sold all of the assets of its InsureRate/FIMI unit to Digital Insurance, Inc. and on March 15, 2001 the Company sold the remaining assets of its Software Products group to Netzee, Inc. The Company currently operates in a single business segment, hosting and web site maintenance services. Historical segment information is not provided since each of the former business segments is presented as discontinued operations.

4. BASIC AND DILUTED LOSS PER SHARE

Loss per common share is computed by dividing net loss available to common shareholders by the weighted average number of shares of common stock outstanding for the period of time then ended. The effect of the Company's stock options and convertible securities is excluded from the computations for the nine months ended September 30, 2001 and 2000, as it is antidilutive.

5. TAXES

There was no provision for cash payment of income taxes for the nine months ended September 30, 2001 and 2000, respectively, as the Company anticipates a net taxable loss for the year ended December 31, 2001.

6. STOCKHOLDERS' DEFECIT

As a requirement of the April 2000 private placement of $2,127,000 principal amount of the Company's Series E Convertible Preferred Stock, the Company was obligated to file and have declared effective, within a specified time period, a registration statement with respect to a minimum of 1,808,293 shares of common stock issuable upon conversion of the Series E Preferred Stock. As of September 30, 2001, such registration statement has not been declared effective and penalties are owed to the Series E Preferred Stock holders. In addition, given the Company's financial condition as discussed in footnote 2, the Company has no current plans to ensure that such registration statement is declared effective. In accordance with the terms of the agreement between the parties, penalties accrue at the rate of 2% per 30 day period of the outstanding purchase price of the unregistered securities. As of September 30, 2001, $731,467 has been accrued into accounts payable and accrued expenses for such penalties.

7. OTHER MATTERS

Certain prior period amounts have been reclassified to conform to current period presentation.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 eliminates the pooling-of-interests method of accounting for business combinations except for qualifying business combinations that were initiated prior to July 1, 2001. Under SFAS No. 142, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually for impairment. Separable intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives. The Company believes that neither SFAS No. 141 nor SFAS No. 142 will have any impact on its financial position or results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

Except for historical information contained herein, some matters discussed in this report constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward looking statements include, but may not be limited to, those statements regarding the Company's expectations, beliefs, intentions, or strategies regarding the future. All forward-looking statements included in this document are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements. Specifically, the Company's statements with respect to, among other things, the potential disposition of the Company's remaining assets and business and its ability or inability to continue as a going concern, are forward looking statements. The Company notes that a variety of risk factors could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements including, among other things, our ability or inability to dispose of our remaining assets and business, our ability to obtain additional financing, and other factors discussed in this report and set forth in our Annual Report on Form 10-K and our Registration Statements on Forms S-1 and S-3.

On March 23, 2001, we announced our intentions to wind down our operations. Our business is dependent on continued financing from investors to sustain our activities, and we have been unable to obtain the additional financing that we need to remain in operation. We currently have insufficient assets to satisfy completely our obligations to our creditors and the liquidation preferences of our preferred stock. We continue to evaluate our alternatives, including the possible sale of other assets, but we cannot offer any assurances that we will be able to identify or complete any transactions that will enable us to remain in operation.

Historically, we developed and marketed specialized software applications, products and services that enabled financial institutions and their customers to use the Internet and intranets/extranets to obtain and communicate important business information, conduct commercial transactions and improve business productivity. We provided Internet/intranet solutions in three areas: (i) the design, development and integration of customized software applications, including World Wide Web site development and related network outsourcing; (ii) the development, sale and integration of our existing software applications into the client's operations; and, (iii) security consulting and integration services. In October, 1999, we sold our security consulting and integration services operations and entered into a joint marketing program with the acquirer. During the first quarter of 2001, we sold our remaining software applications businesses, although the proceeds from these transactions did not represent significant operating capital for us. Currently, we only derive revenue from our hosting and web development services.

Our revenues and operating results have varied substantially from period to period, and should not be relied upon as an indication of future results.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2000

NET SALES. Net sales decreased 69.2% from $1,001,876 in the third quarter of 2000 to $308,212 in the third quarter of 2001. This decrease of $693,664 is primarily attributable to the absence of any web development work and the absence of any maintenance contracts. Revenues now consist exclusively of hosting and hourly billing site maintenance work.

COST OF SALES. Cost of sales includes salaries for programmers, technical staff and customer support, as well as a pro-rata allocation of telecommunications, facilities and data center costs. Cost of sales decreased from $775,732, or 77.4% of revenues in the third quarter of 2000, to $209,675, or 68.0% of revenues in the third quarter of 2001. This decrease in the cost of sales is attributable to reductions in production personnel and to the reduction of internet connection and local loop costs.

GROSS PROFIT. Gross profit decreased by $127,607 from $226,144 in the third quarter of 2000 to $98,537 in the third quarter of 2001. Gross profit margins increased from 22.6% during the third quarter of 2000 to 32.0% during the third quarter of 2001. This erosion in gross profit is primarily related to the decline in revenue. Reductions in production costs have however outpaced declines in revenue leading to an improved percentage profit margin.

SALES AND MARKETING. Sales and marketing expenses include salaries, variable commissions and bonuses for the sales force, advertising and promotional marketing materials, and a pro-rata allocation of telecommunications, facilities and data center costs. The cost of sales decreased from $502,213, or 50.1% of revenues, in the third quarter of 2000 to $614 in the third quarter of 2001. The Company has discontinued all significant sales and marketing efforts at this time.

PRODUCT DEVELOPMENT. Product development costs consist of personnel costs required to conduct the Company's product development efforts, and a pro-rata allocation of telecommunications, facilities and data center costs. Total expenditures for product development decreased from $52,449 in the third quarter of 2000 to $0 in the third quarter of 2001. The Company has discontinued all product development efforts at this time.

GENERAL AND ADMINISTRATIVE. General and administrative expenses include salaries for administrative personnel, insurance and other administrative expenses, as well as a pro-rata allocation of telecommunications, and facilities and data center costs. General and administrative expenses decreased from $295,654 in the third quarter of 2000 to $142,059 in the third quarter of 2001 due to the reductions in overhead. As a percentage of net sales, these expenses increased from 29.5% in the third quarter of 2000 to 46.1% in the third quarter of 2001, due to continued reductions in revenue.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization includes depreciation and amortization of computers, network equipment, office equipment, equipment under capital leases and intangible assets. Depreciation and amortization was $225,974, or 22.6% of revenues in the third quarter of 2000. With the write down of the carrying value of all fixed assets in the fourth quarter of 2000 and the Company's announcement that it intends to wind-down its operations, the company has suspended depreciation of its remaining assets.

OTHER INCOME. Other income consists of miscellaneous amounts received which are outside the normal course of operations. Other income decreased $15,476, from $19,628 for the third quarter of 2000 to $4,152 for the third quarter of 2001.

NINE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2000

NET SALES. Net sales decreased 74.6% from $3,656,833 in the first nine months of 2000 to $929,010 in the first nine months of 2001. This decrease of $2,727,823 is primarily attributable to the absence of any web development work and the absence of any maintenance contracts. Revenues now consist exclusively of hosting and hourly billing site maintenance work.

COST OF SALES. Cost of sales includes salaries for programmers, technical staff and customer support, as well as a pro-rata allocation of telecommunications, facilities and data center costs. Cost of sales decreased from $1,994,038, or 54.5% of revenues in the first nine months of 2000, to $763,322, or 82.2% of revenues in the first nine months of 2001. The increase in the percentage of the cost of selling, general and administrative expense is due to the lack of web development work and the fact that, at the new reduced manpower levels, production now accounts for a much higher portion of the cost ratios used to calculate pro-rata allocations.

GROSS PROFIT. Gross profit decreased by $1,497,107 from $1,662,795 in the first nine months of 2000 to $165,688 in the first nine months of 2001. Gross profit margins declined from 45.5% at the end of the third quarter of 2000 to 17.8% during the first nine months of 2001. This erosion in gross profit is primarily related to a less profitable product mix and the dramatic decline in revenue.

SALES AND MARKETING. Sales and marketing expenses include salaries, variable commissions and bonuses for the sales force, advertising and promotional marketing materials, and a pro-rata allocation of telecommunications, facilities and data center costs. The cost of sales decreased from $1,544,885, or 42.2% of revenues in the first nine months of 2000 to $704 in the first nine months of 2001. The Company has discontinued all significant sales and marketing efforts at this time.

PRODUCT DEVELOPMENT. Product development costs consist of personnel costs required to conduct the Company's product development efforts, and a pro-rata allocation of telecommunications, facilities and data center costs. Total expenditures for product development decreased from $104,699 in the first nine months of 2000 to $0 in the first nine months of 2001. The Company has discontinued all product development efforts at this time.

GENERAL AND ADMINISTRATIVE. General and administrative expenses include salaries for administrative personnel, insurance and other administrative expenses, as well as a pro-rata allocation of telecommunications, and facilities

and data center costs. General and administrative expenses decreased from $1,951,744 in the first nine months of 2000 to $596,494 in the first nine months of 2001 due to the reductions in overhead begun in the fourth quarter of 2000 and continued in the first nine months of 2001. As a percentage of net sales, these expenses increased from 53.4% in the first nine months of 2000 to 64.2% in the first nine months of 2001, due to continued reductions in revenue.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization includes depreciation and amortization of computers, network equipment, office equipment, equipment under capital leases and intangible assets. Depreciation and amortization was $1,902,203, or 52.0% of revenues in the first nine months of 2000. With the write down of the carrying value of all fixed assets in the fourth quarter of 2000 and the Company's announcement that it intends to wind-down its operations, the company has suspended depreciation of its remaining assets.

OTHER INCOME. Other income consists of miscellaneous amounts received which are outside the normal course of operations. Other income increased $79,179, from $65,587 at the end of the third quarter of 2000 to $144,766 at the end of the third quarter of 2001. The increase is primarily due to the favorable settlement of a $130,000 liability related to the prior sale of certain assets. Without this settlement other income would have declined.

LIQUIDITY AND CAPITAL RESOURCES

Our sources of capital are extremely limited. We have incurred operating losses since inception and as of September 30, 2001, we had an accumulated deficit of $25,633,936 and a working capital deficit of $726,700. On March 23, 2001, we announced our intentions to wind down operations. While we continue to evaluate our alternatives, we have been unable to obtain additional financing and do not have sufficient assets to completely satisfy our obligations to our creditors and the liquidation preferences of our preferred shareholders.

We believe that we have exhausted our current sources of capital and also believe that it is highly unlikely that we will be able to secure additional capital that would be required to undertake additional steps to continue our operations. We may elect to implement other cost reduction actions as we may determine are necessary and in our best interests, including the possible additional sale of assets. Also, we believe that there may be value in remaining current in our reporting obligations under the Securities Exchange Act of 1934, although we can give no assurance that we will ever be able to realize any value from our situation. If we cannot resolve our liabilities, and no other alternatives are available, we may be forced to seek protection from our creditors. The aforementioned factors raise substantial doubt about our ability to continue as a going concern. The financial statements included herein have been prepared assuming the Company is a going concern and do not include any adjustments that might result should the Company be unable to continue as a going concern.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Not Applicable

Item 2. Changes in Securities and Use of Proceeds

Not Applicable

Item 3. Defaults Upon Senior Securities

As a requirement of the April 2000 private placement of $2,127,000 principal amount of the Company's Series E Convertible Preferred Stock, the Company was obligated to file and have declared effective, within a specified time period, a registration statement with respect to a minimum of 1,808,293 shares of common stock issuable upon conversion of the Series E Preferred Stock. As of September 30, 2001, such registration statement has not been declared effective and penalties are owed to the Series E Preferred Stock holders. In addition, given our financial condition, we do not have any plans to ensure that such registration statement is declared effective. In accordance with the terms of the agreement between the parties, penalties accrue at the rate of 2% per 30 day period of the outstanding purchase price of the unregistered securities. As of September 30, 2001, $731,467 has been accrued into accounts payable and accrued expenses for such penalties.

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

3.1 Restated Certificate of Incorporation of the Registrant. (Incorporated herein by reference to exhibit of the same number in the Form S-1 Registration Statement of the Registrant (Registration No. 333-12219)).

3.2 Restated Bylaws of the Registrant. (Incorporated herein by reference to exhibit of the same number in the form S-1 Registration Statement of the Registrant (Registration No. 333-12219)).

3.3 Certificate of Designation of Series A Convertible Preferred Stock. (Incorporated herein by reference to exhibit of the same number in the Form S-1 Registration Statement of the Registrant (Registration No. 333-42599)).

3.4 Certificate of Designation of Series B Convertible Preferred Stock. (Incorporated herein by reference to exhibit of the same number in the form 10-K of the Registrant filed with the Commission on March 31, 1998).

3.5 Certificate of Designation of Series C Convertible Preferred Stock. (Incorporated herein by reference to exhibit of the same number in the registration statement on Form S-1 of the Registrant filed with the Commission on October 5, 1999 (Registration No. 333-86837)).

3.6 Certificate of Designation of Series D Convertible Preferred Stock. (Incorporated herein by reference to exhibit of the same number in the registration statement on Form S-1 of the Registrant filed with the Commission on October 5, 1999 (Registration No. 333-86837)).

3.7 Amended Certificate of Designations, Preferences and Rights of Series E Convertible Preferred Stock. (Incorporated herein by reference to exhibit of the same number in the registration statement on Form S-3 of the Registrant filed with the Commission on June 1, 2000 (No. 333-38326)).

4.1 See Exhibits 3.1 and 3.2 for provisions of the Restated Certificate of Incorporation and Bylaws of the Registrant defining rights of the holders of Common Stock of the Registrant. (Incorporated herein by reference to exhibit of the same number in the Form S-1 Registration Statement of the Registrant (Registration No. 333-12219)).

4.2 Specimen Stock Certificate. (Incorporated herein by reference to exhibit of the same number in the Form S-1 Registration Statement of the Registrant (Registration No. 333-12219)).

4.3 Form of Warrant. (Incorporated herein by reference to exhibit of the same number in the Form S-1 Registration Statement of the Registrant (Registration No. 333-12219)).

(b) Reports on Form 8-K

We did not file any reports on Form 8-K during the three month period ending on September 30, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOMECOM COMMUNICATIONS, INC.

November 9, 2001

BY: /s/ TIMOTHY R. ROBINSON

Timothy R. Robinson
Executive Vice President
and Chief Financial
Officer (Principal
Accounting Officer)

EXHIBIT INDEX

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3.2 Restated Bylaws of the Registrant. (Incorporated herein by reference to exhibit of the same number in the form S-1 Registration Statement of the Registrant (Registration No. 333-12219)).

3.3 Certificate of Designation of Series A Convertible Preferred Stock. (Incorporated herein by reference to exhibit of the same number in the Form S-1 Registration Statement of the Registrant (Registration No. 333-42599)).

3.4 Certificate of Designation of Series B Convertible Preferred Stock. (Incorporated herein by reference to exhibit of the same number in the form 10-K of the Registrant filed with the Commission on March 31, 1998).

3.5 Certificate of Designation of Series C Convertible Preferred Stock. (Incorporated herein by reference to exhibit of the same number in the registration statement on Form S-1 of the Registrant filed with the Commission on October 5, 1999 (Registration No. 333-86837)).

3.6 Certificate of Designation of Series D Convertible Preferred Stock. (Incorporated herein by reference to exhibit of the same number in the registration statement on Form S-1 of the Registrant filed with the Commission on October 5, 1999 (Registration No. 333-86837)).

3.7 Amended Certificate of Designations, Preferences and Rights of Series E Convertible Preferred Stock. (Incorporated herein by reference to exhibit of the same number in the registration statement on Form S-3 of the Registrant filed with the Commission on June 1, 2000 (No. 333-38326)).

4.1 See Exhibits 3.1 and 3.2 for provisions of the Restated Certificate of Incorporation and Bylaws of the Registrant defining rights of the holders of Common Stock of the Registrant. (Incorporated herein by reference to exhibit of the same number in the Form S-1 Registration Statement of the Registrant (Registration No. 333-12219)).

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