

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): February 19, 2021 (February 17, 2021)

OFS Capital Corporation

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

814-00813
(Commission
File Number)

46-1339639
(I.R.S. Employer
Identification No.)

10 S. Wacker Drive, Suite 2500
Chicago, Illinois
(Address of principal executive offices)

60606
(Zip Code)

Registrant's telephone number, including area code: (847) 734-2000

Not applicable
(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	OFS	The Nasdaq Global Select Market
6.25% Notes due 2023	OFSSG	The Nasdaq Global Select Market
6.375% Notes due 2025	OFSSL	The Nasdaq Global Select Market
6.50% Notes due 2025	OFSSZ	The Nasdaq Global Select Market
5.95% Notes due 2026	OFSSI	The Nasdaq Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

Amendment to Senior Secured Revolving Credit Facility

On February 17, 2021, OFS Capital Corporation, a Delaware corporation (the “Company”), executed an amendment (the “Secured Revolver Amendment”) to its Business Loan Agreement with Pacific Western Bank, as lender (“PacWest”), pursuant to which PacWest provides the Company with a senior secured revolving credit facility (as amended from time to time, the “PWB Credit Facility”) for general corporate purposes including investment funding.

The Secured Revolver Amendment, among other things: (i) increases the maximum amount available under the PWB Credit Facility from \$20.0 million to \$25.0 million; (ii) decreases the interest rate floor from 5.25% per annum to 5.00% per annum; (iii) revises the covenant restricting net losses, such that on each quarterly testing period, commencing on December 31, 2020, the Company shall not have incurred quarterly net losses (income after adjustments to the investment portfolio for gains and losses, realized and unrealized, also shown as net increase (decrease) in net assets resulting from operations) in excess of \$1,000,000, in three of the trailing four quarters; and (iv) extends the maturity date from February 28, 2021 to February 28, 2023.

The foregoing description of the Secured Revolver Amendment is not complete and is qualified in its entirety by the full text of: (i) such amendment; and (ii) the Change in Terms Agreement by and between the Company and PacWest dated as of February 17, 2021, which are filed as exhibits to this Current Report on Form 8-K as Exhibit 10.1 and Exhibit 10.2, respectively, and are incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
<u>10.1</u>	<u>Amendment Four to the Business Loan Agreement between OFS Capital Corporation and Pacific Western Bank dated February 17, 2021</u>
<u>10.2</u>	<u>Change in Terms to the Business Loan Agreement between OFS Capital Corporation and Pacific Western Bank dated February 17, 2021</u>

SIGNATURE

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 hereunto duly authorized.

Dated: February 19, 2021

OFS CAPITAL CORPORATION

By: /s/ Bilal Rashid
Chief Executive Officer

AMENDMENT NUMBER FOUR TO BUSINESS LOAN AGREEMENT AND OTHER RELATED DOCUMENTS

THIS AMENDMENT NUMBER FOUR TO BUSINESS LOAN AGREEMENT AND OTHER RELATED DOCUMENTS (this "Amendment"), dated as of February 17, 2021, is entered into among **PACIFIC WESTERN BANK**, a California state-chartered bank ("Lender"), and **OFS CAPITAL CORPORATION**, a Delaware corporation ("Borrower"), in light of the following facts:

RECITALS

WHEREAS, Borrower and Lender have previously entered into that certain Business Loan Agreement, dated April 10, 2019 (as amended to the date hereof, the "Loan Agreement"); and

WHEREAS, Lender and Borrower have agreed to amend the Loan Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. **DEFINITIONS.** All terms which are defined in the Loan Agreement shall have the same definition when used herein unless a different definition is ascribed to such term under this Amendment, in which case, the definition contained herein shall govern.

2. **AMENDMENT TO LOAN AGREEMENT.** The Loan Agreement is hereby amended as follows:

(a) Subsection (ii) titled "Financial Ratios/Covenants" on page 3 of the Loan Agreement, under the Financial Statements subsection of the Section titled "AFFIRMATIVE COVENANTS", is hereby amended and restated in its entirety to read as follows:

"(ii) Financial Ratios/Covenants:

Minimum Tangible Net Asset Value. Borrower shall maintain a minimum Net Asset Value in the amount of \$100,000,000.00. The term "Net Asset Value" is defined as the total assets less goodwill/other intangibles and less the total liabilities, on a consolidated basis. This required value must be maintained at all times and may be evaluated quarterly.

No Net Losses. On each quarterly testing period, commencing on 12/31/2020, Borrower shall not have incurred quarterly net losses (income after adjustments to the investment portfolio for gains and losses, realized and unrealized, also shown as net increase (decrease) in net assets resulting from operations), in excess of \$1,000,000, in three (3) of the trailing four (4) quarters.

Minimum Quarterly Net Investment Income. Borrower shall maintain a minimum Quarterly Net Investment Income, after the management/incentive fees, in the amount of \$2,000,000.00. The term "Net Investment Income" is defined as the total investment income

less total expenses, as presented in Borrower's consolidated financial statements. This required minimum income must be maintained at all times and may be evaluated quarterly.

Debt / Worth Ratio. Borrower shall maintain a maximum ratio of Debt/Worth of 350%. The ratio "Debt/Worth" means Borrower's total liabilities divided by Borrower's Net Asset Value (as defined above). This required ratio must be maintained at all times and may be evaluated quarterly."

(b) All references in the Loan Agreement, Note and other Related Documents to the \$20,000,000 maximum principal cap on the revolving line of credit provided thereunder is hereby changed to and shall be \$25,000,000, which shall continue to be subject to the other limitations and terms and conditions set forth therein.

(c) All references in the Loan Agreement, Note and other Related Documents to Maturity or the Maturity Date is hereby changed from 02-28-2021 to 02-28-2023.

(d) The interest rate floor referenced in the Note is hereby reduced to 5.00% per annum. Under no circumstances will the interest rate on the Advances and the Loan be less than 5.00% per annum or more than the maximum rate allowed by applicable law.

(e) The following provision on page 1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Unused Commitment Fee. Any unused portion of the **\$25,000,000.00** commitment, in an amount over **\$15,000,000.00**, shall be subject to a monthly fee of 0.50% (one-half percentage point per annum)."

(f) The following new subsection is hereby added under the NEGATIVE COVENANTS section of the Loan Agreement, to read as follows:

"Subsidiaries. (1) transfer any assets consisting of collateral of the Lender into any of Borrower's subsidiaries (other than cash investments by Borrower in a subsidiary or asset transfers between Borrower and its subsidiaries or between Borrower's subsidiaries for tax-related purposes, so long as any such assets remain collateral of the Lender), or (2) cause or allow any of Borrower's subsidiaries to (a) incur any secured debt, except secured debt as modified or refinanced from time to time, at OFSCC-FS Holdings, LLC and its wholly-owned subsidiary OFSCC-FS, LLC, or (b) encumber any assets or property of any subsidiary of Borrower, except as provided in 2(a) above."

(g) To the extent that there is any discrepancy between this Amendment and the Change in Terms Agreement being executed concurrently herewith, the Change in Terms Agreement shall control.

3. CONDITIONS PRECEDENT. Each of the following is a condition precedent to the effectiveness of this Amendment:

(a) Lender shall have received a fully executed original of this Amendment, together with the Guarantor Reaffirmation attached;

(b) Lender shall have received a fully executed Change in Terms Agreement, Disbursement Request and Authorization and Notice of Final Agreement;

(c) Lender shall have received a documentation fee of \$500; and

(d) Lender shall have received all legal fees incurred by it in connection with this Amendment and all other agreements being executed in connection herewith.

4. REPRESENTATIONS AND WARRANTIES. Borrower hereby affirms to Lender that all representations and warranties of Borrower set forth in the Loan Agreement are true, complete and accurate as of the date hereof.

5. LIMITED EFFECT. Except for the specific amendment contained in this Amendment, the Loan Agreement shall remain unchanged and in full force and effect.

6. COUNTERPARTS; EFFECTIVENESS. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed and delivered shall be deemed to be an original. All such counterparts, taken together, shall constitute but one and the same Amendment. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Amendment. This Amendment shall become effective upon the execution of this Amendment by each of the parties hereto.

[SIGNATURE PAGES FOLLOWS]

IN WITNESS WHEREOF, Borrower and Lender have executed this Amendment as of the date first written above.

OFS CAPITAL CORPORATION, a Delaware corporation, as Borrower

By: **/s/ Jeffrey A. Cerny**
Jeffrey A. Cerny, CFO

PACIFIC WESTERN BANK

By: **/s/ Todd Savitz**

Todd Savitz, Senior Vice President

GUARANTOR'S REAFFIRMATION

The undersigned has executed a Commercial Guaranty dated April 10, 2019 in favor of PACIFIC WESTERN BANK ("Lender") respecting the obligations of OFS CAPITAL CORPORATION ("Borrower"), owing to Lender ("Guaranty"). The undersigned acknowledges the terms of the above Amendment and reaffirms and agrees that: its Guaranty remains in full force and effect; nothing in such Guaranty obligates Lender to notify the undersigned of any changes in the financial accommodations made available to Borrower or to seek reaffirmations of such Guaranty; and no requirement to so notify the undersigned or to seek reaffirmations in the future shall be implied by the execution of this reaffirmation; references to the "Loan Agreement" in such Guaranty include amendments and restatements from time to time to and of such agreement, including the amendments being made concurrently herewith.

Dated as of February 17, 2021

OFSCC-MB, INC, a Delaware corporation, as Guarantor

By: **/s/ Jeffrey A. Cerny**
Jeffrey A. Cerny, CEO and President

CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$25,000,000.00	11-05-2015	02-28-2023	4061100374		Note #1000	823	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: OFS Capital Corporation, a Delaware corporation
10 South Wacker Drive, Suite 2500
Chicago, IL 60606

Lender: Pacific Western Bank
Los Angeles Real Estate and Construction
9701 Wilshire Boulevard, Suite 700
Beverly Hills, CA 90212

Principal Amount: 25,000,000.00

Date of Agreement: February 17, 2021

DESCRIPTION OF EXISTING INDEBTEDNESS.

Promissory Note dated November 5, 2015 in the original Principal Amount of \$15,000,000.00, as modified by Change in Terms Agreements dated October 31, 2016, August 9, 2017, March 7, 2018 and April 10, 2019 as amended by an Amendment Number One to Business Loan Agreement dated June 26, 2020, whereby and among other things some of the financial covenants were modified and a guarantor was released, as amended by an Amendment Number Two to Business Loan Agreement dated July 29, 2020, whereby and among other things the Loan Amount was decreased to \$50,000,000.00 and as amended by an Amendment Number Three to Business Loan Agreement dated October 7, 2020, whereby and among other things the Loan Amount was decreased to \$20,000,000.00; together with all renewals, extensions and modifications related thereto (the "Note").

DESCRIPTION OF COLLATERAL.

A Commercial Security Agreement dated April 10, 2019 granting Lender a security interest in all business assets of Borrower.

A Commercial Security Agreement dated April 10, 2019 granting Lender a security interest in all business assets of OFSCC-MB, Inc., a Delaware corporation, a Guarantor.

DESCRIPTION OF CHANGE IN TERMS. This Change In Terms Agreement ("Agreement") is entered into by Borrower and is effective on the latter of (i) its acceptance by Lender, (ii) the satisfaction of all conditions precedent to effectiveness (if any), or (iii) as of the Date of the Agreement set forth above. Borrower agrees that the terms of the Note, the Business Loan Agreement dated April 10, 2019 (the "Business Loan Agreement"), and any other Related Documents described herein, are hereby modified by the terms of this Agreement. To the extent any provision of this Agreement conflicts with the provisions of the Note, or any other Related Documents described herein, then the provisions of this Agreement shall control. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Business Loan Agreement.

1. The Note is hereby modified as follows:

- a) The Principal Amount of the Note is hereby increased from \$20,000,000.00 to \$25,000,000.00.
- b) Effective as of the date of this Agreement, the Variable Interest Rate is modified as further described in this Agreement.
- c) The Maturity Date is hereby extended from February 28, 2021 to February 28, 2023. Borrower shall make regular payments as further outlined in this Agreement.

2. An Amendment Number Four to Business Loan Agreement and other Related Documents of even date is hereby executed concurrently with this Agreement.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest, in addition to any unpaid Unused Commitment Fee, which may be due or remain unpaid on February 28, 2023. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning February 28, 2021, with all subsequent interest payments to be due on the same day of each month after that.

VARIABLE INTEREST RATE. The interest rate on this loan is subject to change from time to time based on changes in an independent index which is the Wall Street Journal Prime Rate (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notifying Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 3.250% per annum.** Interest on the unpaid principal balance of this loan will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 0.250 percentage points over the Index, adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 5.000%. NOTICE: Under no circumstances will the interest rate on this loan be less than 5.000% per annum or more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this loan is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this loan is computed using this method.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorser of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the

CHANGE IN TERMS AGREEMENT

Loan No.: 4061100374 (continued) Page 2

changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

INTEGRATION. The parties agree that (a) this Agreement and the Business Loan Agreement, as applicable, which governs the Note, together with all of the Related Documents, represents the final agreement between the parties, and therefore incorporates all negotiations of the parties hereto (b) there are no unwritten oral agreements between the parties, and (c) this Agreement may not be contradicted by evidence of any prior, contemporaneous, or subsequent oral agreements or understandings of the parties.

COUNTERPARTS PROVISION. This document may be executed in several counterparts, each of which all constitute an original, but of which together shall constitute as one and the same document.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER:

OFS CAPITAL CORPORATION, A DELAWARE CORPORATION

By: /s/ Jeffrey A. Cerny

Name: Jeffrey A. Cerny

Title: Chief Financial Officer