

AMREP CORP.  
Form 8-K  
July 25, 2018

**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):** July 24, 2018

**AMREP CORPORATION**

(Exact name of Registrant as specified in its charter)

<b>Oklahoma</b>	<b>1-4702</b>	<b>59-0936128</b>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

**620 West Germantown Pike, Suite 175**  
**19462**

**Plymouth Meeting, PA**  
(Address of principal executive offices) (Zip Code)

**Registrant's telephone number, including area code:** (610) 487-0905

**(Former name or former address, if changed since last report)**

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 as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.**

On July 24, 2018, Hawksite 27 Development Company, LLC (“Borrower”), an indirect subsidiary of AMREP Corporation, entered into a Business Loan Agreement with Main Bank (“Lender”). The Business Loan Agreement is evidenced by a Promissory Note, dated July 20, 2018, and is secured by a Mortgage, between Borrower and Lender, dated July 20, 2018, with respect to 159 planned residential lots within the Hawk Site subdivision (the “Mortgaged Property”). Pursuant to a Commercial Guaranty, dated July 24, 2018, entered into by AMREP Southwest Inc. (“Guarantor”) in favor of Lender, Guarantor has guaranteed Borrower’s obligations under each of the above agreements. The Business Loan Agreement, Promissory Note, Mortgage, Commercial Guaranty and other related transaction documents are collectively referred to as the “Loan Documentation.”

Pursuant to the Loan Documentation, Lender agrees to lend up to \$1,800,000 to Borrower on a non-revolving line of credit basis to partially fund the development of the Mortgaged Property. Interest on the outstanding principal amount of the loan is payable monthly at the annual rate equal to the Wall Street Journal Prime Rate plus a spread of 2.38%, adjusted annually. Lender is required to release the lien of its mortgage on any lot included in the Mortgaged Property upon Borrower making a principal payment equal to the greater of \$30,000 or 55% of the sales price of the lot. Borrower is required to reduce the principal balance of the loan to a maximum of \$1,700,000 at July 20, 2020. The outstanding principal amount of the loan may be prepaid at any time without penalty. The loan is scheduled to mature on July 20, 2021. Borrower incurred customary costs and expenses and paid fees to Lender in connection with the loan.

Borrower and Guarantor have made certain representations and warranties in the Loan Documentation and are required to comply with various covenants, reporting requirements and other customary requirements for similar loans. The Loan Documentation contains customary events of default for similar financing transactions, including: Borrower’s failure to make principal, interest or other payments when due; the failure of Borrower or Guarantor to observe or perform their respective covenants under the Loan Documentation; the representations and warranties of Borrower or the Guarantor being false; and the insolvency or bankruptcy of Borrower or Guarantor. Upon the occurrence and during the continuance of an event of default, Lender may declare the outstanding principal amount and all other obligations under the Loan Documentation immediately due and payable.

The foregoing description of the Loan Documentation is a summary only and is qualified in all respects by the provisions of the Loan Documentation. Copies of the Business Loan Agreement, Promissory Note, Mortgage and Commercial Guaranty are attached hereto as Exhibits 10.1 through 10.4 and are incorporated herein by reference.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit Number	Description
<u>10.1</u>	<u>Business Loan Agreement, dated July 20, 2018, between Main Bank and Hawksite 27 Development Company, LLC.</u>
<u>10.2</u>	<u>Promissory Note, dated July 20, 2018, by Hawksite 27 Development Company, LLC in favor of Main Bank.</u>
<u>10.3</u>	<u>Mortgage, dated July 20, 2018, between Main Bank and Hawksite 27 Development Company, LLC.</u>
<u>10.4</u>	<u>Commercial Guaranty, dated July 24, 2018, made by AMREP Southwest Inc. for the benefit of Main Bank.</u>

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 hereunto duly authorized.

**AMREP Corporation**

Date: July 25, 2018 By: /s/ Christopher V. Vitale  
Name: Christopher V.  
Vitale  
Title: President and  
Chief Executive Officer

**EXHIBIT INDEX**

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