

FS Bancorp, Inc.
Form 8-K
October 06, 2015

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): September 30, 2015

FS BANCORP, INC.

(Exact name of registrant as specified in its charter)

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| Washington (State or other jurisdiction of incorporation) | 001-35589 (Commission File Number) | 45-4585178 (I.R.S. Employer Identification No.) |
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| 6920 220th Street SW, Suite 200, Mountlake Terrace, Washington (Address of principal executive offices) | 98043 (Zip Code) |
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Registrant's telephone number, including area code: (425) 771-5299

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.

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))

Item 1.01 Entry into a Material Definitive Agreement.

On September 30, 2015, FS Bancorp, Inc., (the "Company") the parent corporation of 1st Security Bank of Washington (the "Bank"), entered into a \$10.0 million subordinated unsecured term loan commitment pursuant to a Subordinated Loan Agreement (the "Loan Agreement") with Community Funding CLO, Ltd., ("Community") a Cayman Islands exempted company incorporated with limited liability. Subject to the terms of the Loan Agreement, the funding of the subordinated loan (the "Closing") is expected to held on October 15, 2015. The loan will have an annual interest rate of 6.50%. The loan is intended to qualify as Tier 2 capital under the applicable capital adequacy rules and regulations promulgated by the Federal Reserve.

The loan will rank equally with all other unsecured subordinated debt, except any which by its terms is expressly stated to be subordinated to the loan. The loan will rank senior to all current and future junior subordinated debt obligations, preferred stock and common stock of the Company. The loan will be recorded as a long-term liability on the Company's balance sheet; however, for regulatory purposes the loan will be treated as Tier 2 capital by the Company and, to the extent proceeds are contributed to the Bank, as Tier 1 capital by the Bank.

The loan will mature on October 1, 2025 but may be prepaid at the Company's option and with regulatory approval at any time on or after five years after Closing or at any time upon certain events, such as a change in the regulatory capital treatment of the loan or the loan no longer being deductible by the Company for United States federal income tax purposes. The proceeds of the loan are expected to be used to fund general working capital and operating expenses.

The Company has agreed to indemnify Community and its affiliates for losses related to a breach of the representations and warranties by the Company under the Loan Agreement or any action instituted against Community or its affiliates due to the transactions contemplated by the Loan Agreement, subject to certain limitations.

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

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

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.

Date: October 6, 2015

FS BANCORP, INC.

/s/Matthew D. Mullet
Matthew D. Mullet
Chief Financial Officer
(Principal Financial and Accounting Officer)
