

SOUTHERN FIRST BANCSHARES INC

Form 8-K

June 09, 2014

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 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) June 6, 2014

**Southern First Bancshares, Inc.**

(Exact name of registrant as specified in its charter)

**South Carolina**

(State or other jurisdiction of incorporation)

**000-27719**

(Commission File Number)

**58-2459561**

(IRS Employer Identification No.)

**100 Verdae Boulevard, Suite 100, Greenville, SC**

(Address of principal executive offices)

**29606**

(Zip Code)

**(864) 679-9000**

(Registrant's telephone number, including area code)

**Not Applicable**

(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 (17CFR 240.14d-2(b))

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- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**ITEM 1.01 Entry into a Material Definitive Agreement.**

On June 6, 2014, Southern First Bancshares, Inc. (the "Company") entered into a Loan Agreement (the "Loan Agreement") with The Brand Banking Company (the "Lender") providing for a revolving multiple advances loan of up to an aggregate principal amount of \$10,000,000. Borrowings under the Loan Agreement accrue interest at LIBOR plus 2.90% per annum; provided, however, that the interest rate shall never fall below 3.25% or rise above 5.15% per annum. In connection with entering into the Loan Agreement, the Company issued to the Lender a Revolving Promissory Note dated as of June 6, 2014 (the "Promissory Note") in the amount of up to \$10,000,000. In addition, the Company paid an upfront commitment fee of \$50,000, or 0.50% of the aggregate commitment amount, upon closing.

Initial maturity of the Loan Agreement will be 36 months from the closing date. During this time, interest payments will be due quarterly. At initial maturity of the Loan Agreement, the Company will have the option to convert the outstanding principal balance, if any, into a seven-year term loan. The term loan will amortize in 28 equal quarterly installments, commencing at the end of the first fiscal quarter following the initial maturity of the Loan Agreement.

The Loan Agreement contains customary representations, warranties, covenants and events of default, including, without limitation, covenants pertaining to investments and acquisitions and certain financial and capital ratios. An event of default will occur under the Loan Agreement if the Company fails to timely comply with its obligations under the Loan Agreement or breaches its representations under the Loan Agreement (in each case, subject to applicable cure periods), the Company ceases to be a financial holding company or either the Company or its wholly-owned banking subsidiary, Southern First Bank (the "Bank"), commences or becomes the subject a bankruptcy or similar proceeding, experiences a "Material Adverse Change" or a "Change of Control" (as each is defined in the Loan Agreement) or becomes the subject of certain regulatory enforcement actions or agreements.

The obligations of the Company under the Loan Agreement are secured by a pledge of all of the capital stock of the Bank pursuant to a Stock Pledge Agreement dated as of June 6, 2014 between the Company and the Lender (the "Pledge Agreement"). In the event of a default by the Company under the Loan Agreement, the Lender may terminate the commitments made under the Loan Agreement, declare all amounts outstanding to be payable immediately and exercise or pursue any other remedy permitted under the Loan Agreement or the Pledge Agreement, or conferred upon Lender by operation of law.

The descriptions contained herein of the Loan Agreement, the Promissory Note and the Pledge Agreement are qualified in their entirety by reference to the terms of such documents, each of which is attached hereto as an exhibit and incorporated herein by this reference.

**Item 2.03 Creation of a Direct Financial Obligation.**

The relevant disclosure set forth in Item 1.01 above is incorporated herein by reference in response to this Item 2.03.

**ITEM 9.01(d) Exhibits.**

Exhibit No.      Exhibit

10.1                      Loan Agreement dated as of June 6, 2014 by and between Southern First Bancshares, Inc. and The Brand Banking Company.

10.2                      Revolving Promissory Note dated as of June 6, 2014 by and between Southern First Bancshares, Inc. and The Brand Banking Company.

10.3                      Stock Pledge Agreement dated as of June 6, 2014 by and between Southern First Bancshares, Inc. and The Brand Banking Company.

**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.

**SOUTHERN FIRST BANCSHARES, INC.**

By: /s/ Michael D. Dowling  
Name: Michael D. Dowling  
Title: Chief Financial Officer

June 9, 2014

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