

LINCOLN EDUCATIONAL SERVICES CORP  
Form 8-K  
April 11, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report: April 5, 2012  
(Date of earliest event reported)

LINCOLN EDUCATIONAL SERVICES CORPORATION  
(Exact Name of Registrant as Specified in Charter)

New Jersey  
(State or Other Jurisdiction of  
Incorporation)

000-51371  
(Commission File Number)

57-1150621  
(IRS Employer Identification No.)

200 Executive Drive, Suite 340, West Orange, New Jersey 07052  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (973) 736-9340

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:

- 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))
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Item 1.01. Entry into a Material Definitive Agreement.

On April 5, 2012, Lincoln Educational Services Corporation (the “Company”), as borrower, and certain of its wholly-owned subsidiaries, as guarantors, entered into a secured revolving credit agreement (the “Credit Agreement”) with a syndicate of four lenders led by Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer, for an aggregate principal amount of up to \$85 million (the “Credit Facility”). Bank of America Merrill Lynch acted as sole lead arranger and book manager in connection with the Credit Facility. The Credit Agreement replaces the Company’s prior \$115 million credit facility with Bank of America, N.A. and other lenders, which was due to expire on December 1, 2012. The prior facility was terminated concurrently with the effective date of the Credit Agreement, April 5, 2012.

Under the Credit Agreement, the Company has the right to increase the aggregate amount available under the Credit Facility by up to \$50 million upon satisfaction of certain conditions. The Credit Facility may be used to finance capital expenditures and permitted acquisitions, to pay transaction expenses, for the issuance of letters of credit and for general corporate purposes. The Credit Agreement includes a \$5 million swing line sublimit and a \$25 million letter of credit sublimit. Borrowings under the Credit Facility are secured by a first priority lien on substantially all of the tangible and intangible assets of the Company and its subsidiaries exclusive of real estate. The term of the Credit Facility is 36 months, maturing on April 5, 2015.

Amounts borrowed as revolving loans under the Credit Facility will bear interest, at the Company’s option, at either (i) an interest rate based on LIBOR and adjusted for any reserve percentage obligations under Federal Reserve Bank regulations (the “Eurodollar Rate”) for specified interest periods or (ii) the Base Rate (as defined in the Credit Agreement), in each case, plus an applicable margin rate as determined under the Credit Agreement. The “Base Rate”, as defined under the Credit Agreement, is the highest of (a) the rate of interest announced from time to time by Bank of America, N.A. as its prime rate, (b) the Federal Funds rate plus 0.50% and (c) a daily rate equal to the one-month LIBOR rate plus 1.0%. Under the Credit Agreement, the margin interest rate is subject to adjustment within a range of 1.25% to 2.75% based upon changes in the Company’s consolidated leverage ratio and depending on whether the Company has chosen the Eurodollar Rate or the Base Rate option. Swing line loans will bear interest at the Base Rate plus the applicable margin rate. Letters of credit will require a fee equal to the applicable margin rate multiplied by the daily amount available to be drawn under each issued letter of credit plus an agreed upon fronting fee and customary issuance, presentation, amendment and other processing fees associated with letters of credit. Letters of credit totaling \$1,637,625 that were outstanding under the prior facility at April 5, 2012 are treated as letters of credit under the Credit Agreement.

The Credit Agreement contains customary representations, warranties and covenants including consolidated adjusted net worth, consolidated leverage ratio, consolidated fixed charge coverage ratio, minimum financial responsibility composite score, cohort default rate and other financial covenants, certain restrictions on capital expenditures as well as affirmative and negative covenants and events of default customary for facilities of this type. In addition, the Company is paying fees to the lenders that are customary for facilities of this type.

The foregoing description of the Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Credit Agreement filed as Exhibit 10.1 to this Current Report on Form 8-K, which is incorporated herein by reference.

Item 1.02. Termination of a Material Definitive Agreement.

Upon the execution and delivery of the Credit Agreement referred to in Item 1.01 of this Current Report on Form 8-K, the Company terminated its credit agreement dated December 1, 2009 among the Company, certain subsidiaries of the Company, the lenders party thereto and Bank of America, N.A., as administrative agent for such lenders. The Company did not incur any early termination penalties in connection with the termination of the prior facility.

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

The disclosure contained in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number Description

<u>10.1</u>	Credit Agreement dated as of April 5, 2012 among Lincoln Educational Services Corporation, the Guarantors party thereto, the Lenders party thereto, and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer
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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.

Dated: April 11, 2012

LINCOLN EDUCATIONAL SERVICES CORPORATION

By: /s/ Cesar Ribeiro

Name: Cesar Ribeiro

Title: Executive Vice President, Chief Financial Officer and Treasurer

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