

PENNYMAC FINANCIAL SERVICES, INC.
Form 8-K
December 30, 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): **December 30, 2015**

PennyMac Financial Services, Inc.

(Exact name of registrant as specified in its charter)

Delaware **001- 35916** **80-0882793**
(State or other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

6101 Condor Drive, Moorpark, **93021**
California
(Address of principal executive offices) (Zip Code)

(818) 224-7442

(Registrant's telephone number, including area code)

Not Applicable

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(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))

Item 1.01. Entry into a Material Definitive Agreement

PennyMac Financial Services, Inc. (the “Company”), through its subsidiary, Private National Mortgage Acceptance Company, LLC (the “Borrower”), has entered into a credit agreement, dated as of December 30, 2015, by and among the Borrower, the lenders that are parties thereto, Credit Suisse AG, as administrative agent and collateral agent, and Credit Suisse Securities (USA) LLC, as sole bookrunner and sole lead arranger (the “Credit Agreement”), pursuant to which the lenders have agreed to make revolving loans to the Borrower in an amount not to exceed \$100,000,000. Interest on the loans shall accrue at a per annum rate of interest equal to, at the election of the Borrower, either an alternate base rate (as defined in the Credit Agreement) or LIBOR plus the applicable margin. During the existence of certain events of default, interest shall accrue at a higher default rate. The maturity date of the loans is 364 days following the date of the Credit Agreement. The proceeds of the loans are to be used solely for working capital and general corporate purposes of the Borrower and its subsidiaries.

Pursuant to the terms of a collateral and guaranty agreement, dated as of December 30, 2015, by and among the Borrower, as grantor, Credit Suisse AG, Cayman Islands Branch, as collateral agent, and the Company and certain of its subsidiaries, PNMAC Capital Management, LLC, PennyMac Loan Services, LLC and PNMAC Opportunity Fund Associates, LLC, as guarantors and grantors, the obligations of the Borrower under the Credit Agreement are guaranteed by each of the referenced guarantors and secured by a grant by each of the referenced grantors of their respective right, title and interest in and to limited and otherwise unencumbered (other than with respect to specified permitted encumbrances) specified contract rights, specified deposit accounts, all documents and instruments related to such specified contract rights and specified deposit accounts, and any and all proceeds and products thereof.

The loans are subject to mandatory prepayment in certain circumstances, including, but not limited to, (i) from time to time to the extent necessary to cure any non-compliance with certain asset coverage ratios, and (ii) upon the issuance of certain permitted unsecured indebtedness in an amount not to exceed \$500,000,000 and only to the extent of the net cash proceeds related thereto.

The Borrower is also subject to:

(i) customary affirmative covenants, including, but not limited to, monthly, quarterly and annual financial reporting, maintenance of existence, compliance with statutes and applicable laws (including environmental laws), payment of taxes, use of proceeds, maintenance of ratings, and designation of restricted and unrestricted subsidiaries;

(ii) customary negative covenants, including, but not limited to, restrictions on liens, restrictions on mergers, sales of assets and related transactions, restrictions on dividends and other restricted payments, restrictions on indebtedness, restrictions on transactions with affiliates, limitation on creation of subsidiaries, and restrictions on prepayment of indebtedness;

(iii) certain financial covenants in addition to the asset coverage ratios referenced above, including compliance with certain defined ratios relating to interest expense coverage, corporate indebtedness to consolidated EBITDA, and consolidated indebtedness to consolidated tangible net worth; and

(iv) customary events of default, including those related to payment defaults, covenant violations, breaches of representations and warranties, cross defaults to other indebtedness in excess of \$35,000,000 and insolvency;

in each case, subject to applicable cure periods, baskets, materiality standards and exceptions.

The foregoing description of the Credit Agreement and the collateral and guaranty agreement does not purport to be complete and is qualified in its entirety by reference to the full text of these agreements, which have been filed with this Current Report on Form 8-K as Exhibits 10.1 and 10.2.

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 under 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 No. | Description |
|--------------------|--|
| 10.1 | Credit Agreement, dated December 30, 2015, by and among Private National Mortgage Acceptance Company, LLC, the lenders that are parties thereto, Credit Suisse AG and Credit Suisse Securities (USA) LLC. |
| 10.2 | Collateral and Guaranty Agreement, dated December 30, 2015, by and among Private National Mortgage Acceptance Company, LLC, Credit Suisse AG, Cayman Islands Branch, PennyMac Financial Services, Inc., PNMAC Capital Management, LLC, PennyMac Loan Services, LLC and PNMAC Opportunity Fund Associates, LLC. |

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.

PENNYMAC FINANCIAL SERVICES, INC.

Dated: December 30, 2015 /s/ Anne D. McCallion
Anne D. McCallion
Chief Financial Officer

EXHIBIT INDEX

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