

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):

January 8, 2015 (January 6, 2015)

CAPITALA FINANCE CORP.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

814-01022
(Commission File Number)

90-0945675
(I.R.S. Employer Identification No.)

4201 Congress St., Suite 360
Charlotte, NC 28209
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(704) 376-5502**

Check the appropriate box below if the Form 8-K 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 January 8, 2015, Capitala Finance Corp. (the “Company”) issued a press release, the text of which is attached hereto as Exhibit 99.1, announcing that the Company entered into an Incremental Assumption Agreement, dated January 6, 2015 (the “Incremental Assumption Agreement”), relating to the Senior Secured Revolving Credit Agreement, dated as of October 17, 2014, among the Company, as borrower, the lenders from time to time party thereto, and ING Capital LLC, as administrative agent, arranger and bookrunner (the “Credit Facility”). The Incremental Assumption Agreement increased the amount of borrowings available under the Credit Facility from \$50.0 million to \$80.0 million. The \$30.0 million increase in total commitments under the Credit Facility was executed under the “accordion” feature of the Credit Facility, which allows for an increase in total commitments under the Credit Facility up to \$150.0 million.

The description above is only a summary of the material provisions of the Incremental Assumption Agreement and is qualified in its entirety by reference to the copy of the form of Incremental Assumption Agreement, which is filed as Exhibit 10.1 to this current report on Form 8-K and is incorporated herein by reference thereto.

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

The disclosure set forth above under Item 1.01 is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 10.1 | Form of Incremental Assumption Agreement, dated January 6, 2015, relating to the Senior Secured Revolving Credit Agreement, dated as of October 17, 2014, among Capitala Finance Corp., as borrower, the lenders from time to time party thereto, and ING Capital LLC, as administrative agent, arranger and bookrunner |
| 99.1 | Press release dated January 8, 2015 |

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: January 8, 2015

CAPITALA FINANCE CORP.

By: /s/ Stephen A. Arnall
Stephen A. Arnall
Chief Financial Officer

[FORM OF INCREMENTAL ASSUMPTION AGREEMENT]

INCREMENTAL ASSUMPTION AGREEMENT

dated as of January 6, 2015,

relating to the

SENIOR SECURED REVOLVING CREDIT AGREEMENT

dated as of October 17, 2014,

among

CAPITALA FINANCE CORP.,
as Borrower,

The Lenders from Time to Time Party Thereto,

and

ING CAPITAL LLC,
as Administrative Agent,
Arranger and Bookrunner

INCREMENTAL ASSUMPTION AGREEMENT, dated as of January 6, 2015 (this "Assumption Agreement"), by and among CAPITALA FINANCE CORP. (the "Borrower"), ING CAPITAL LLC, in its capacity as Administrative Agent (the "Administrative Agent"), and each lender set forth on Schedule 1 hereto as an "Increasing Lender" (the "Increasing Lenders" and each an "Increasing Lender"), and each lender set forth on Schedule 1 hereto as an "Assuming Lender" (the "Assuming Lenders" and each an "Assuming Lender" and, together with the Increasing Lenders, the "Incremental Lenders" and each an "Incremental Lender"), relating to the SENIOR SECURED REVOLVING CREDIT AGREEMENT dated as of October 17, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Administrative Agent and the several lenders from time to time party to the Credit Agreement.

A. The Borrower has requested that each Incremental Lender provide an additional Commitment in an aggregate amount equal to the amount set forth opposite such Incremental Lender's name on Schedule 1 hereto (each an "Incremental Commitment"), in each case pursuant to Section 2.06(f) of the Credit Agreement.

B. Each Incremental Lender is willing to make such an Incremental Commitment to the Borrower on the terms and subject to the conditions set forth herein and in the Credit Agreement.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Defined Terms; Interpretation; Etc. Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Credit Agreement. The rules of construction set forth in Section 1.03 of the Credit Agreement shall apply equally to this Assumption Agreement. This Assumption Agreement shall be a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 2. Incremental Commitment. a) Pursuant to Section 2.06(f) of the Credit Agreement and subject to the terms and conditions hereof, each Incremental Lender hereby agrees to make the applicable Incremental Commitment to the Borrower effective on and as of the Increase Effective Date (as defined below). The Incremental Commitment shall constitute an additional "Commitment" and a "Commitment Increase" for all purposes of the Credit Agreement and the other Loan Documents, and the Increase Effective Date shall be the "Commitment Increase Date" of the Incremental Commitment for purposes of Section 2.06(f) of the Credit Agreement.

(b) The terms of the Incremental Commitment shall be the same as the other Commitments made under the Credit Agreement.

(c) On the Increase Effective Date, in connection with the adjustments to any outstanding Loans and participation interests contemplated by Section 2.06(f)(iv) of the Credit Agreement, each Incremental Lender shall make a payment to the Administrative Agent, for account of the other Lenders, in an amount calculated by the Administrative Agent in accordance with such section, so that after giving effect to such payment and to the distribution thereof to the other Lenders in accordance with such section, the Loans are held ratably by the Lenders in accordance with the respective Commitments of such Lenders (after giving effect to the Incremental Commitment and any other Commitment Increases, if any, occurring on the date hereof).

(d) As of the Increase Effective Date, each Incremental Lender which is also designated as an “Assuming Lender” on Exhibit 1 (each an “Assuming Lender”) shall become a Lender under the Credit Agreement and shall have all rights and obligations of a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto.

SECTION 3. Conditions Precedent to Incremental Commitment. This Assumption Agreement, and the obligations of each Incremental Lender to make its Incremental Commitment, shall become effective on and as of the Business Day (the “Increase Effective Date”) occurring on or before January 6, 2015, on which the following conditions precedent have been satisfied:

(a) the Administrative Agent shall have received counterparts of this Assumption Agreement that, when taken together, bear the signatures of the Borrower, the Administrative Agent and the Incremental Lenders;

(b) on the date hereof, each of the conditions set forth or referred to in Section 2.06(f)(i) of the Credit Agreement shall be satisfied, and pursuant to Section 2.06(f)(ii)(x) of the Credit Agreement the Administrative Agent shall have received a certificate of a duly authorized officer of the Borrower dated the date hereof certifying as to the foregoing;

(c) the Administrative Agent shall have received for the account of the Lenders the amounts, if any, payable under Section 2.13 of the Credit Agreement as a result of the adjustments of Borrowings pursuant to Section 2(c) of this Assumption Agreement; and

(d) each Incremental Lender shall have received all documented fees and expenses related to this Assumption Agreement owing on the date hereof, including any upfront fees due to such Incremental Lender on the date hereof.

SECTION 4. Representations and Warranties of the Borrower. To induce the other parties hereto to enter into this Assumption Agreement, the Borrower represents and warrants to the Administrative Agent and each Incremental Lender that, as of the date hereof:

(a) This Assumption Agreement has been duly authorized, executed and delivered by the Borrower, and constitutes a legal, valid and binding obligation of the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) Each of the representations and warranties made by the Borrower in or pursuant to the Loan Documents are true and correct in all material respects as if made on such date (except to the extent they relate specifically to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and unless a representation or warranty is already qualified by materiality or by Material Adverse Effect, in which case it is true and correct in all respects).

(c) No Default has occurred and is continuing on the date hereof or shall result from the Incremental Commitment.

SECTION 5. Representations, Warranties and Covenants of the Assuming Lenders. Each Assuming Lender (a) represents and warrants that (i) from and after the Increase Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Incremental Commitment, shall have the obligations of a Lender thereunder, and (ii) it has received a copy of the Credit Agreement, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assumption Agreement and to make the Incremental Commitment on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

SECTION 6. Consent and Reaffirmation. (a) each of the Obligors agrees that, notwithstanding the effectiveness of this Assumption Agreement, the Guarantee and Security Agreement and each of the other Security Documents continue to be in full force and effect, (b) each of the Obligors acknowledges that the terms "Revolving Credit Agreement Obligations," "Guaranteed Obligations" and "Secured Obligations" (each as defined in the Guarantee and Security Agreement) include any and all Loans made now or in the future by the Incremental Lenders in respect of the Incremental Commitments and all interest and other amounts owing in respect thereof under the Loan Documents (including all interest and expenses accrued or incurred subsequent to the commencement of any bankruptcy or insolvency proceeding with respect to any Obligor, whether or not such interest or expenses are allowed as a claim in such proceeding), and (c) each of the Obligors confirms its grant of a security interest in its assets as Collateral for the Secured Obligations, all as provided in the Loan Documents as originally executed (and amended prior to the date hereof and supplemented hereby).

SECTION 7. Notices. All notices hereunder shall be given in accordance with the provisions of Section 9.01 of the Credit Agreement.

SECTION 8. Expenses. The Borrower agrees to pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent in connection with this Assumption Agreement in accordance with the Credit Agreement, including the reasonable and documented fees, charges and disbursements of one outside counsel for the Administrative Agent.

SECTION 9. Counterparts. This Assumption Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same contract. Delivery of an executed counterpart of a signature page of this Assumption Agreement by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 10. Applicable Law; Jurisdiction; Consent to Service of Process; Other. THIS ASSUMPTION AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. THE PROVISIONS OF SECTION 9.09 OF THE CREDIT AGREEMENT (AND ALL OTHER APPLICABLE PROVISIONS OF ARTICLE IX OF THE CREDIT AGREEMENT) ARE HEREBY INCORPORATED BY REFERENCE.

SECTION 11. Headings. The headings of this Assumption Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

SECTION 12. No Third Party Beneficiaries. This Assumption Agreement is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any other person or entity. No person or entity other than the parties hereto shall have any rights under or be entitled to rely upon this Assumption Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Assumption Agreement to be duly executed and delivered by their proper and duly authorized representatives as of the day and year first above written.

CAPITALA FINANCE CORP.,
as Borrower

By: _____
Name:
Title:

[Signature Page to Incremental Assumption Agreement]

ING CAPITAL LLC,
as Administrative Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

[Signature Page to Incremental Assumption Agreement]

EVERBANK COMMERCIAL FINANCE, INC.,
as Incremental Lender

By _____
Name:
Title:

[Signature Page to Incremental Assumption Agreement]

BANK OF NORTH CAROLINA,
as Incremental Lender

By _____
Name:
Title:

[Signature Page to Incremental Assumption Agreement]

NEWBRIDGE BANK,
as Incremental Lender

By _____
Name:
Title:

[Signature Page to Incremental Assumption Agreement]

PARK STERLING BANK,
as Incremental Lender

By _____
Name:
Title:

[Signature Page to Incremental Assumption Agreement]

SCHEDULE 1

Increasing Lenders

| <u>Lender</u> | <u>Incremental Commitment</u> |
|-----------------------------------|-------------------------------|
| EverBank Commercial Finance, Inc. | \$2,500,000 |

Assuming Lenders

| <u>Lender</u> | <u>Incremental Commitment</u> |
|------------------------|-------------------------------|
| Bank of North Carolina | \$10,000,000 |
| NewBridge Bank | \$10,000,000 |
| Park Sterling Bank | \$7,500,000 |



Capitala Finance Corp. Announces Increase in Commitments Under its Credit Facility to \$80.0 Million

CHARLOTTE, NC, January 8, 2015 (GLOBE NEWSWIRE) -- Capitala Finance Corp. (NasdaqGS: CPTA) ("Capitala" or the "Company") today announced the expansion of total commitments under its credit facility from \$50.0 million to \$80.0 million. The \$30.0 million increase in total commitments was the result of new lender relationships, which further diversifies the Capitala lending group under the credit facility to five participants. The recent increase in total commitments was executed under the accordion feature of the credit facility which allows for an increase in total commitments under the facility up to \$150.0 million. The recent increase in total commitments provides the Company with access to additional financing capacity in support of its future investment and operational activities.

About Capitala Finance Corp.

Capitala Finance Corp. is a business development company that invests primarily in traditional mezzanine, senior subordinated and unitranche debt, as well as senior and second-lien loans and, to lesser extent, equity securities issued by lower and traditional middle-market companies. The Company is managed by Capitala Investment Advisors, LLC.

Forward-Looking Statements

This press release contains certain forward-looking statements. Words such as "believes," "intends," "expects," "projects," "anticipates," and "future" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, condition or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in the Company's filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

SOURCE: Capitala Finance Corp.

Capitala Finance Corp.
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