

ENSIGN GROUP, INC
Form 8-K
January 03, 2018

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 27, 2017

The Ensign Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware 001-33757 33-0861263

(State or other jurisdiction of incorporation) (Commission File Number) (IRS Employer Identification No.)

27101 Puerta Real, Suite
450,
Mission Viejo, CA 92691

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (949) 487-9500

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

Exchange Act. o

Item 1.01. Entry into a Material Definitive Agreement.

On December 27, 2017, The Ensign Group, Inc. (Ensign or the Company) announced that it recently completed a \$112 million portfolio financing with low, fixed-rate loans amortized over 30- or 35-year terms and secured by mortgages on seventeen properties owned by Ensign subsidiaries. Amounts borrowed under the mortgage loans may be prepaid, subject to prepayment fees of the principal balance on the date of prepayment. During the first three years, the prepayment fee is 10% and is reduced by 3% in the fourth year of the loan, and reduced by 1% per year for years five through ten of the loan. There is no prepayment penalty after year ten. The borrowings were arranged by Lancaster Pollard Mortgage Company, LLC, and insured by the Department of Housing and Urban Development (HUD). Loan proceeds will be primarily deployed to pay down previously drawn amounts on Ensign's revolving line of credit. In addition to refinancing existing borrowings, the proceeds of the HUD-insured debt will be used to fund acquisitions, to renovate and upgrade existing and future facilities, to cover working capital needs and for other business purposes.

The foregoing description of the HUD insured loan portfolio is qualified in its entirety by reference to the form of U.S. Department of Housing and Urban Development Healthcare Facility Note, which includes a schedule of individual loans to certain of the Company's subsidiaries under the financing program, and the form of borrower security agreement under the program, which are filed as Exhibits 10.1 and 10.2 hereto and are incorporated herein by reference.

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

The disclosures of the U.S. Department of Housing and Urban Development portfolio financing, contained in Item 1.01 above are hereby incorporated into this Item 2.03 by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
<u>10.1</u>	Form of U.S. Department of Housing and Urban Development Healthcare Facility Note and schedule of individual subsidiary loans, by and among The Ensign Group, Inc.'s subsidiaries listed therein and U.S. Department of Housing and Urban Development.
<u>10.2</u>	Form of U.S. Department of Housing and Urban Development Security Instrument/Mortgage/Deed of Trust

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: January 03, 2018 THE ENSIGN
GROUP, INC.
/s/
By: Suzanne
D.
Snapper
Suzanne
D.
Snapper
Chief
Financial
Officer

EXHIBIT INDEX

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