

SAUL CENTERS INC  
Form 8-K  
December 26, 2007

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**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 19, 2007

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**Saul Centers, Inc.**

(Exact name of registrant as specified in its charter)

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**Maryland**  
(State or other jurisdiction  
of incorporation)

**1-12254**  
(Commission File Number)

**52-1833074**  
(IRS Employer  
Identification No.)

**7501 Wisconsin Avenue, Suite 1500, Bethesda, Maryland**  
(Address of principal executive offices)

**20814-6522**  
(Zip Code)

Registrant's telephone number, including area code

**(301) 986-6200**

**Not Applicable**

(Former name or former address, if changed since last report.)

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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):

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- .. 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 December 19, 2007, Saul Holdings Limited Partnership, the operating partnership for Saul Centers, Inc., entered into a new \$150,000,000 unsecured revolving credit facility, effective as of December 19, 2007 (the Facility), with a syndicate of lenders led by U.S. Bank National Association. The Facility replaces the Company's existing unsecured revolving credit facility. U.S. Bank National Association acts as Administrative Agent and Sole Lead Arranger for the Facility, and Wells Fargo Bank, National Association, acts as Syndication Agent. Saul Centers, Inc. and certain subsidiaries of Saul Holdings Limited Partnership have guaranteed the payment obligations of Saul Holdings Limited Partnership under the Facility. For purposes of this Form 8-K, all references to the Company refer, collectively, to Saul Centers, Inc., together with Saul Holdings Limited Partnership and the wholly owned subsidiaries of Saul Holdings Limited Partnership.

The Facility provides for a \$150,000,000 revolving credit facility maturing on December 19, 2010, which term may be extended by the Company for one additional year subject to the Company's satisfaction of certain conditions. Until December 19, 2009, certain or all of the lenders may, upon request by the Company, increase the revolving credit facility line by \$50,000,000. Letters of credit may be issued under the revolving credit facility.

Currently, \$150,000,000 is available for borrowing, of which approximately \$8,200,000 is outstanding and the balance of \$141,800,000 is available for working capital and operating property acquisitions. In general, loan availability under the Facility is primarily determined by operating income from the Company's existing unencumbered properties. As of November 30, 2007, the unencumbered properties supported availability of \$98,000,000. Interest accrues at a rate of LIBOR plus a spread of 1.400% to 1.600% (determined by certain leverage tests) or upon the bank's reference rate at the Company's option. An additional \$52,000,000 is available based on the Company's consolidated operating income after debt service. On this portion of the Facility, interest accrues at a rate of LIBOR plus a spread of 1.700% to 2.250% (determined by certain leverage tests) or upon the bank's reference rate plus a spread of 0.575% at the Company's option.

The Facility requires the Company and its subsidiaries to satisfy certain financial covenants. The material covenants require the Company, on a consolidated basis, to:

limit the amount of debt so as to maintain a gross asset value in excess of liabilities of at least \$600 million plus 90% of the Company's future net equity proceeds;

limit the amount of debt as a percentage of gross asset value (leverage ratio) to 60% or less;

limit the amount of debt so that interest coverage is not less than 2.5 to 1 on a trailing 12-full calendar month basis;

limit the amount of debt so that interest, scheduled principal amortization and preferred dividend coverage is not less than 1.6 to 1 on a trailing 12-full calendar month basis; and

limit the amount of variable rate debt and debt with initial loan terms of less than 5 years to no more than 40% of total debt.

Each of U.S. Bank National Association, Wells Fargo Bank, National Association, Compass Bank and Sovereign Bank, is a lender under the Facility. Some of the lenders or their affiliates from time to time have provided in the past and may provide in the future commercial lending services to the Company and its affiliates in the ordinary course of business.

**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.

**SAUL CENTERS, INC.**

By: /s/ Scott V. Schneider

Name: Scott V. Schneider

Title: Senior Vice President and Chief Financial Officer

Dated: December 26, 2007