

Section 1: 8-K (8-K)

**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):

April 21, 2020



Western Asset Mortgage Capital Corporation

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OF INCORPORATION)

001-35543
(COMMISSION FILE NUMBER)

27-0298092
(IRS EMPLOYER ID. NUMBER)

385 East Colorado Boulevard
Pasadena, California
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

91101
(ZIP CODE)

(626) 844-9400
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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):

- 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value	WMC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company 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.

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

On April 21, 2020, Western Asset Mortgage Capital Corporation (the “Company”) entered into amendments with respect to certain of its loan warehouse facilities. These amendments mainly served to convert an existing residential whole loan facility into a term facility by removing any mark to market margin requirements, and to consolidate the Company’s Non-Qualified Mortgage loans, which were previously financed by three separate, unaffiliated counterparties, into a single facility.

The target advance rate under the amended and restated facility will be approximately 84% of the aggregate unpaid principal balance of the loans. The term of the facility is 18 months and all income generated by the loans during the term of the facility will be used to incrementally repay all obligations thereunder. Upon the securitization or sale by the Company of any whole loan subject to this amended and restated facility, the counterparty will be entitled to receive an exit fee of 0.50% as well as 30% of all realized and projected cash flow on any whole loans above such counterparty’s amortized basis.

The counterparty will have full recourse to the Company and any relevant subsidiary for obligations incurred under this amended and restated whole loan facility. Amendments were also effected to the existing residential whole loan facility and two other facilities held by the same counterparty group to provide such group with cross-collateralization and cross-default benefits across these three facilities. Upon any default, income from loans sold under any of these three facilities will be applied to repay obligations incurred under all three facilities, in an agreed-upon order of priority. The amendments also provide for a uniform set of financial covenants with respect to equity, leverage and liquidity requirements across the three facilities held by this counterparty group.

The Company’s aggregate borrowings from this counterparty group with respect to its residential whole loans are approximately \$385 million and the market value of such loans is approximately \$430 million.

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 hereto duly authorized.

Date:
April 24, 2020

By: /s/ Lisa Meyer

Name: Lisa Meyer
Title: Chief Financial Officer & Treasurer

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