

Edgar Filing: First American Financial Corp - Form 8-K

First American Financial Corp
Form 8-K
May 03, 2019

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 30, 2019

FIRST AMERICAN FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction

of Incorporation)

1 First American Way,

Santa Ana, California
(Address of Principal Executive Offices)

001-34580 26-1911571
(Commission (IRS Employer

File Number) Identification No.)

92707-5913
(Zip Code)

Registrant's Telephone Number, Including Area Code: (714) 250-3000

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 Instructions 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))

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.

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, \$0.00001 par value | FAF | The New York Stock Exchange |

Item 1.01 Entry Into A Material Definitive Agreement.

The description contained in Item 2.03 below is hereby incorporated by reference herein.

Item 1.02 Termination of a Material Definitive Agreement.

The description contained in Item 2.03 below is hereby incorporated by reference herein. For a description of the material terms of the Existing Credit Agreement (as defined below), please see First American Financial Corporation's Current Report on Form 8-K as filed with the Commission on May 16, 2014, which description is 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.

On April 30, 2019, First American Financial Corporation (the "Company") entered into a senior unsecured credit agreement with JPMorgan Chase Bank, N.A. ("JPMorgan") in its capacity as administrative agent and the lenders party thereto. The credit agreement is comprised of a \$700.0 million revolving credit facility. The credit agreement includes an expansion option that permits the Company, subject to satisfaction of certain conditions, to increase the revolving commitments and/or add term loan tranches in an aggregate amount not to exceed \$350.0 million. The obligations of the Company under the credit agreement are neither secured nor guaranteed. Upon entry into the credit agreement, the Company borrowed \$160.0 million, which proceeds were used to repay in full the \$160 million obligation outstanding under the Company's \$700.0 million senior unsecured credit agreement dated as of May 14, 2014 with JPMorgan (the "Existing Credit Agreement"). Other proceeds from borrowings made from time to time under the credit agreement may be used for general corporate purposes. Unless terminated earlier, the credit agreement will terminate on April 30, 2024.

At the Company's election, borrowings of revolving loans under the credit agreement bear interest at (a) the Alternate Base Rate plus the applicable spread or (b) the Adjusted LIBO Rate plus the applicable spread (in each case as defined in the credit agreement). The Company may select interest periods of one, two, three or six months or (if agreed to by all lenders) such other number of months for Eurodollar borrowings of loans. The applicable spread varies depending upon the Debt Rating assigned by Moody's, S&P and/or Fitch. The minimum applicable spread for Alternate Base Rate borrowings is 0.25 percent and the maximum is 1.00 percent. The minimum applicable spread for Adjusted LIBO Rate borrowings is 1.25 percent and the maximum is 2.00 percent. The rate of interest on any term loans incurred in connection with the expansion option will be established at or about the time such loans are made and may differ from the rate of interest on revolving loans.

The credit agreement includes representations and warranties, reporting covenants, affirmative covenants, negative covenants, financial covenants and events of default customary for financings of this type. Upon the occurrence of an event of default the lenders may accelerate the loans. Upon the occurrence of certain insolvency and bankruptcy events of default the loans will automatically accelerate.

The financial institutions party to the credit agreement and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage,

and other financial and non-financial activities and services. Certain of these financial institutions and their respective affiliates were party to the Existing Credit Agreement and/or have provided, and may in the future provide, a variety of these services to the Company and to persons and entities with relationships with the Company, for which they received or will receive customary fees and expenses.

The credit agreement replaces the Existing Credit Agreement, which was terminated on April 30, 2019 in connection with the Company entering into the credit agreement.

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.

FIRST AMERICAN
FINANCIAL CORPORATION

Date: May 3, 2019 By: /s/ Kenneth D. DeGiorgio
Name: Kenneth D. DeGiorgio
Title: Executive Vice President