

ADCARE HEALTH SYSTEMS INC
Form 8-K
December 27, 2012

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 20, 2012**

AdCare Health Systems, Inc.

(Exact Name of Registrant as Specified in Charter)

Ohio
(State or Other Jurisdiction of
Incorporation)

001-33135
(Commission File Number)

31-1332119
(I.R.S. Employer
Identification No.)

1145 Hembree Road
Roswell, Georgia 30076
(Address of Principal Executive Offices)

(678) 869-5116

(Registrant's telephone number, including area code)

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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))
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Annual Report on Form 10-K for the fiscal year ended December 31, 2011; (iii) the section entitled "Item 15. Related Party Transactions" of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012; and (iv) the section entitled "Hembree" on the Company's Current Report on Form 8-K filed with the SEC on December 6, 2012.

The information set forth under Item 2.03 of this Current Report is incorporated by reference into Item 1.01 of this Current Report.

Item 1.02 Termination of a Material Definitive Agreement.

On December 20, 2012, AdCare Property Holdings, LLC ("AdCare Holdings"), a wholly owned subsidiary of the Company, terminated that certain previously announced Purchase and Sale Agreement (the "Selma Purchase Agreement"), dated November 21, 2012, among Park Place Nursing & Rehabilitation Center, LLC, Homewood of Selma, L.L.C., Homewood of Greenville, L.L.C., Dunn Nursing Home, Inc., Wood Properties of Selma, L.L.C. and Wood Properties of Greenville, L.L.C. (collectively, the "Sellers") and AdCare Holdings pursuant to which AdCare Holdings had the right to acquire certain land, buildings, improvements, furniture, fixtures and equipment comprising three facilities known as: (i) Park Place Nursing & Rehabilitation Center located in Selma, Alabama; (ii) Homewood of Selma located in Selma, Alabama; and (iii) Homewood of Greenville located in Greenville, Alabama (collectively, the "Alabama Facilities") for an aggregate purchase price of \$9,500,000.

AdCare Holdings exercised its right to terminate the Selma Purchase Agreement before the expiration of the period during which AdCare Holdings was permitted to perform a physical inspection of the Alabama Facilities. As a result of the termination of the Selma Purchase Agreement, an amount of \$50,000 previously deposited by AdCare Holdings into escrow to be held as earnest money was delivered by the escrow agent to the Sellers, and the remaining \$200,000 in escrow was returned to AdCare Holdings.

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

On December 20, 2012, ADK Bonterra/Parkview, LLC ("Bonterra"), a wholly owned subsidiary of the Company, entered into a Third Amendment to Credit Agreement (the "Third Amendment") with Gemino, which amended that certain Credit Agreement, dated April 27, 2011, between Bonterra and Gemino (as amended, the "Bonterra Credit Facility"). The Third Amendment, among other things (i) amended the financial covenant in the Bonterra Credit Facility regarding maximum loan turn days to include the maximum loan turn days of the Oklahoma Entities under the Oklahoma Entities Credit Agreement in calculating such covenant and (ii) acknowledges that Bonterra shall not be obligated, directly or indirectly, for any indebtedness or obligations of the Oklahoma Entities to Gemino, including any indebtedness or obligations under the Oklahoma Entities Credit Agreement.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 27, 2012

ADCARE HEALTH SYSTEMS, INC.

/s/ Martin D. Brew
Martin D. Brew
Chief Financial Officer

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