

Edgar Filing: ARTS WAY MANUFACTURING CO INC - Form 8-K

bank's prime rate as adjusted daily (presently 8.25%). Monthly interest only payments are required with unpaid principal and interest due at maturity. Borrowing bases limit the advances on the first facility to 60% of accounts receivable less than 90 days plus 60% of finished goods inventory and 50% of raw material inventories and work-in-process.

The Company received a loan in the amount of \$4.1 million in long-term debt to refinance existing long-term debt originally incurred in connection with the purchase of real estate and equipment, the purchases of the assets of Obeco, Inc., Vessel Systems, Inc., and equipment. The loan matures on May 1, 2017 and bears interest at the U.S. daily 5-year treasury index (presently 4.16%) plus 2.75 bps fixed for 5 years and then adjusted to the prevailing same index and margin on the sixth anniversary of the loan for the balance of the term. For the first five years the interest is capped at 7.25%. Monthly principal and interest payments in the amount of \$42,500 are required.

Both facilities are secured by first mortgage interest in all assets of the Company and its subsidiaries, including cash, inventory, accounts, accounts receivable, equipment and real estate. The Company must provide the bank with monthly financial reports and audited annual financial reports and must maintain a minimum debt service coverage, maximum debt/tangible net worth and minimum tangible net worth ratios. The Company must also maintain primary deposit accounts and credit card accounts with the bank.

SIGNATURE

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.

ART'S-WAY MANUFACTURING CO., INC.

Date: June 13, 2007

By: /s/ Carrie L. Majeski
Carrie L. Majeski
Chief Financial Officer