

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## IOTA COMMUNICATIONS, INC.

**Form: 8-K**

**Date Filed: 2020-05-08**

Corporate Issuer CIK: 1095130

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): May 4, 2020

IOTA COMMUNICATIONS, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

000-27587  
(Commission  
File Number)

22-3586087  
(IRS Employer  
Identification No.)

600 Hamilton Street, Suite 1010  
Allentown, PA 18101  
(Address of principal executive offices)

Registrant's telephone number, including area code: (855) 743-6478

N/A  
(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 (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: None

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 1.01 Entry into a Material Definitive Agreement.**

On May 4, 2020, Iota Networks, LLC (the "Borrower"), a wholly owned subsidiary of Iota Communications, Inc. (the "Company"), was granted a loan (the "Loan") from Western Alliance Bank (the "Lender") in the aggregate amount of \$763,600, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The Loan, which was in the form of a Note dated May 4, 2020 issued by the Borrower, matures on May 4, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on December 4, 2020, unless forgiven in whole or in part in accordance with the PPP regulations. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.

All or a portion of the Loan may be forgiven by the SBA upon application by the Borrower beginning 60 days, but not later than 120 days, after Loan approval and upon documentation of expenditures in accordance with the SBA requirements. Under the CARES Act, loan forgiveness is available if the funds received are used for documented payroll costs, interest on covered mortgages, covered rent payments, and covered utilities during the eight-week period beginning on the date the lender makes the first disbursement of the loan to the borrower, provided that at least 75% of the forgiven amount has been used for payroll costs. Forgiveness is based on the borrower's maintaining or quickly rehiring employees and maintaining applicable salary levels. Forgiveness is reduced if full-time headcount declines or if salaries and wages for employees with salaries of \$100,000 or less annually are reduced by more than 25%. In the event the Loan, or any portion thereof, is forgiven pursuant to the PPP, the amount forgiven will be applied to outstanding principal. The Borrower intends to use the Loan proceeds for purposes consistent with the PPP. While the Borrower currently believes that its use of the Loan proceeds will meet the conditions for forgiveness of the Loan, we cannot assure you that we will not take actions that could cause the Borrower to be ineligible for forgiveness of the Loan, in whole or in part.

The Borrower did not provide any collateral or personal guarantees for the Loan, nor did the Borrower pay any facility charge to the government or to the

Lender.

The Note also provides for customary events of default, including, among others, events of default relating to failure to make payment or comply with the covenants contained in the Note and related Loan documents, defaults on any other loan with the Lender, defaults on any loan or agreement with another creditor if the Lender believes the default may materially affect the Borrower's ability to pay the Note, failure to pay any taxes when due, becoming the subject of a civil or criminal action that the Lender believes may materially affect the Borrower's ability to pay the Note, bankruptcy, breaches of representations, judgment, reorganization, merger, consolidation or other changes in ownership or business structure without the Lender's prior written consent, and material adverse changes in financial condition or business operation that the Lender believes may materially affect the Borrower's ability to pay the Note. Upon an event of default, the Lender may require immediate payment of all amounts owing under the Note, collect all amounts owing from the Borrower, or file suit and obtain judgment against the Borrower.

The foregoing summary of the Note does not purport to be complete and is qualified in its entirety by reference to the Note, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and 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**

See the discussion set forth in Item 1.01, "Entry into a Material Definitive Agreement" of this Current Report on Form 8-K, which discussion is incorporated herein by this reference.

#### **Forward-Looking Statements**

Certain statements included in this Form 8-K are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance, or achievements of the Company to be materially different from historical results or from any future results or projections expressed or implied by such forward-looking statements. Accordingly, readers should not place undue reliance on any forward-looking statements. In addition to statements that explicitly describe such risks and uncertainties, readers are urged to consider statements in the conditional or future tenses or that include terms such as "believes," "belief," "expects," "estimates," "intends," "anticipates," or "plans" to be uncertain and forward-looking. Among the factors that could cause actual results to differ materially from those described or projected herein are the following: financial market conditions; actions by the Loan parties; changes by the SBA or other governmental authorities regarding the CARES Act, the Paycheck Protection Program or related administrative matters; the availability of forgiveness of the Loan; and the Borrower's ability to comply with the terms of the Loan and the CARES Act, including to use the proceeds of the Loan as described herein. Additional factors include those listed under Part I, Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2019 and the Company's other filings with the SEC. Except as required by law, the Company assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

#### **ITEM 9.01 Financial Statements and Exhibits.**

(d) Exhibits:

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">10.1</a>	U.S. Small Business Administration Paycheck Protection Program Note Entered into on May 4, 2020 by the Borrower

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**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.

**IOTA COMMUNICATIONS, INC.**

Date: May 8, 2020

By: /s/ Terrence DeFranco

\_\_\_\_\_  
Name: Terrence DeFranco

Title: Chief Executive Officer

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U.S. Small Business Administration  
NOTE

SBA Loan #	14561273-03
SBA Loan Name	Iota Networks, LLC
Date	05/04/2020
Loan Amount	\$763,600.00
Interest Rate	1.00 % per annum
Borrower	Iota Networks, LLC, an Arizona Limited Liability Company
Operating Company	N/A
Lender	Western Alliance Bank, an Arizona Corporation

1. PROMISE TO PAY:

In return for the Loan, Borrower promises to pay to the order of Lender the amount of Seven Hundred Sixty Three Thousand Six Hundred and No/100 Dollars, interest on the unpaid principal balance, and all other amounts required by this Note.

2. DEFINITIONS:

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.  
 "Guarantor" means each person or entity that signs a guarantee of payment of this Note.  
 "Loan" means the loan evidenced by this Note.  
 "Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.  
 "SBA" means the Small Business Administration, an Agency of the United States of America.

### 3. PAYMENT TERMS:

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

This Note will mature in 2 years from the date of initial disbursement.

The interest rate is 1.00% per year.

Borrower must pay principal and interest payments every month, beginning seven months from the date of initial disbursement in an amount sufficient to fully-amortize the outstanding balance; payments must be made on the 4th calendar day in the months they are due.

Lender will apply each installment payment first to pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fees, and will apply any remaining balance to reduce principal. Lender may adjust the payment amount periodically as needed to amortize the principal over the remaining term of the Note.

Loan Prepayment:

Notwithstanding any provision in this Note to the contrary:

Borrower may prepay this Note. Borrower may prepay 20 percent or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must:

- a. Give Lender written notice;
- b. Pay all accrued interest; and
- c. If the prepayment is received less than 21 days from the date Lender receives the notice, pay an amount equal to 21 days' interest from the date lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

All remaining principal and accrued interest is due and payable 2 years from date of initial disbursement.

Late Charge. If payment on this Note is more than 10 days late, Lender may charge Borrower a late fee of up to 5.00% of the unpaid portion of the regularly scheduled payment.

4. DEFAULT:

Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due;
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

5. LENDER'S RIGHTS IF THERE IS A DEFAULT:

Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

6. LENDER'S GENERAL POWERS:

Without notice and without Borrower's consent, Lender may:

- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;
- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

7. WHEN FEDERAL LAW APPLIES:

When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

8. SUCCESSORS AND ASSIGNS:

Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

9. GENERAL PROVISIONS:

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

10. STATE-SPECIFIC PROVISIONS:

When SBA is not the holder of this Note, the law of the State where the loan is made shall govern the interpretation and enforcement of this Note.

11. BORROWER'S NAME(S) AND SIGNATURE(S):

By signing below, each individual or entity becomes obligated under this Note as Borrower.

<b>Iota Networks, LLC, an Arizona Limited Liability Company</b>	
DocuSigned by:	
By: <u>James Knapp</u>	_____
758F0012FEF4418...	
Name: <u>James Barclay Knapp</u>	_____
Title: <u>Mnaager</u>	_____
Date: <u>5/4/2020</u>	_____
DocuSigned by:	
By: <u>Carole Downs</u>	_____
F87D56E051B04BA	
Name: <u>Carole L. Downs</u>	_____
Title: <u>Manager</u>	_____
Date: <u>5/4/2020</u>	_____