

SECURITIES AND EXCHANGE COMMISSION

FORM 1-U

Filing Date: **2017-06-07** | Period of Report: **2017-05-31**
SEC Accession No. [0001214659-17-003891](#)

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FILER

Elio Motors, Inc.

CIK: **1531266** | IRS No.: **271288581** | State of Incorporation: **AZ** | Fiscal Year End: **1231**
Type: **1-U** | Act: **33** | File No.: **24R-00009** | Film No.: **17897400**
SIC: **3711** Motor vehicles & passenger car bodies

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 1-U

CURRENT REPORT PURSUANT TO REGULATION A

Date of Report (Date of earliest event reported):
May 31, 2017

ELIO MOTORS, INC.

(Exact name of issuer as specified in its charter)

Delaware

27-1288581

State of other jurisdiction of incorporation or
organization

(I.R.S. Employer Identification No.)

2942 North 24th Street, Suite 114-700, Phoenix, Arizona 85016
(Full mailing address of principal executive offices)

(480) 500-6800

(Issuer's telephone number, including area code)

Title of each class of securities issued pursuant to Regulation A:
Common Stock, \$0.01 par value

Item 1. Fundamental Changes

As of May 31, 2017, Elio Motors, Inc. (the "Issuer") entered into a Forbearance Agreement with Revitalizing Auto Communities Environmental Response Trust ("Racer Trust") and a Third Amendment to Purchase and Sale Agreement with Racer Properties LLC. These agreements are filed as exhibits to this report on Form 1-U.

As a result of these agreements, Racer Trust agreed to forbear on enforcing the payments due under the Issuer's promissory note from October 1, 2016 to July 31, 2017. If the Issuer receives net proceeds of at least \$25,000,000, in the aggregate from one or more offerings of the Issuer's debt or equity securities on or before July 31, 2017, the Issuer must pay to Racer Trust, on or before July 31, 2017, the sum of the unpaid monthly amounts due to Racer Trust under the promissory note. Default interest of 18% per annum will continue accruing until the monthly payments of \$173,500 are resumed on August 1, 2017. In addition, the maturity date of the note was extended from July 1, 2017 to July 31, 2018.

The Issuer had agreed to use and develop the Shreveport, Louisiana manufacturing facility so as to create at least 1,500 new jobs by February 28, 2016, with a penalty of \$5,000 for each full-time, permanent direct job that fell below the required amount. This deadline was extended to July 1, 2017 and has again been extended to September 1, 2019.

Exhibit Index

Exhibit No.	Document
6.1	Forbearance Agreement with Racer Trust dated May 31, 2017
6.2	Third Amendment to Purchase and Sale Agreement with Racer Properties LLC dated May 31, 2017

SIGNATURES

Pursuant to the requirements of Regulation A, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ELIO MOTORS, INC.

(Exact name of issuer as specified in its charter)

By: /s/ Connie Grennan

Connie Grennan
Chief Financial Officer and
Corporate Secretary

Date: June 6, 2017

FORBEARANCE AGREEMENT

This Forbearance Agreement (this “**Agreement**”) is made effective as of the 31st day of May, 2017 (the “**Effective Date**”), between Revitalizing Auto Communities Environmental Response Trust (“**RACER**”) and Elio Motors, Inc. (“**Elio**”).

RECITALS

A. RACER Properties LLC, an affiliate of RACER, and Elio are parties to that certain Purchase and Sale Agreement dated February 28, 2013 (the “**PSA**”). In connection with the PSA, Elio, as the maker, and RACER, as the holder, entered into that certain Promissory Note dated February 28, 2013, as amended by that certain First Amendment to Promissory Note dated March 17, 2015 (the “**Note**”), whereby RACER made a loan to Elio in the original principal amount of \$23,000,000.

B. As of the Effective Date, Elio has failed to pay to RACER in full the October 2016, November 2016, December 2016, January 2017, February 2017, March 2017, April 2017, and May 2017 payments due under the Note, and Elio anticipates that it will fail to pay to RACER in full the June 2017 payment due under the Note.

C. In a “**Second Loan Extension Agreement**” dated April 27, 2017, Elio and CH Capital Lending, LLC (“**CH Capital**”) agreed, without RACER having provided its consent as required by the March 1, 2013, Intercreditor and Subordination Agreement between CH Capital, Elio, and RACER (“**Intercreditor Agreement**”), to modify the loan extended by CH Capital to Elio (“**Senior Loan**”) to, among other things, have Elio pay CH Capital \$1,250,000 toward the principal of the Senior Loan on or before Monday, July 31, 2017, if Elio receives net proceeds of at least \$25,000,000 in the aggregate from one or more offerings of Elio’s equity or debt on or before such date.

D. Section 12 (Senior Loan Modification) of the Intercreditor Agreement provides in relevant part that RACER be given notice and an opportunity to consent prior to CH Capital’s and Elio’s agreement to “change the terms of payment or change or extend the time of payment of, or increase, renew, exchange, amend, or alter, the terms of any of the Senior Loan Documents.”

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Incorporation of Recitals.** The foregoing Recitals are incorporated as though fully set forth herein.
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2. **Forbearance.** Subject to the terms and conditions of this Agreement and provided that Elio is not in default hereunder or in connection with any other term or condition of the Note, PSA or any related agreements, RACER agrees to forebear exercising its rights under the Note and applicable law from October 1, 2016 through June 30, 2017 (the “**Forbearance Period**”), provided that Elio pay to RACER an administrative fee in the amount of Ten-Thousand Dollars (\$10,000) by certified check or electronic funds transfer on or before June 7, 2017. Provided that Elio is not in default hereunder or in connection with any other term or condition of the Note, PSA or any related agreements, Elio may request that RACER extend the Forbearance Period for one (1) month by providing written notice to RACER no later than June 15, 2017. Any extension of the Forbearance Period will be at RACER’s sole discretion, and will be subject to additional payments of administrative fees by Elio to RACER. Interest will continue to accrue during the Forbearance Period (and any extension thereof, if applicable) as set forth in the Note. Upon the conclusion of the Forbearance Period, Elio will pay RACER all amounts due and owing, including any accrued interest. In the event that Elio defaults hereunder or in connection with any other term or condition of the Note, PSA or any related agreements, the Forbearance Period shall immediately terminate and all amounts owed to RACER will become immediately due and payable.

3. **Catch-Up Payment.** If Elio receives net proceeds of at least \$25,000,000 in the aggregate from one or more offerings of Elio’s equity or debt on or before July 31, 2017, then Elio shall pay to RACER, on or before July 31, 2017, the sum of the unpaid monthly amounts due to RACER under the Note (from October 2016 to July 2017), a total of \$1,752,346, irrespective of whether Elio pays CH Capital or CH Capital waives the receipt of Elio’s payment of the \$1,250,000 toward the Senior Loan on (or before) such date (per the Second Loan Extension Agreement between CH Capital and Elio).

4. **Consent to Second Loan Extension Agreement.** Upon Elio’s execution of the instant Agreement, RACER will provide its consent, ex post facto, to the Second Loan Extension Agreement.

5. **Refinancing.** As of the Effective Date, Elio shall continue to diligently pursue refinancing the Note and shall provide RACER with a written update detailing its progress in finding a replacement lender every ninety (90) days after the Effective Date. If Elio obtains a commitment for financing substantially similar to the financing under the Note (the “**Replacement Financing**”) as determined by RACER in its sole discretion, Elio shall promptly enter into such Replacement Financing and, simultaneously with the receipt by Elio of the Replacement Financing, pay the outstanding balance under the Note in full.

6. **No Modification of the Note.** Other than the modifications set forth herein, nothing in this Agreement shall be deemed to modify, reduce or effect Elio’s obligations under the Note.

7. **Amendments.** No provision of this Agreement may be amended or modified unless the parties consent thereto in writing.

8. **Further Assurances.** The parties agree to execute any and all additional documents that may reasonably be required in order to evidence, secure or carry out the agreements and undertakings set forth in this Agreement.

9. **Counterparts**. This Agreement may be executed in multiple counterparts and by facsimile or other electronic signatures, each of which shall constitute a duplicate original, but all of which together shall constitute one and the same instrument.

10. **Applicable Law**. This Agreement is executed in and shall be construed under and governed by the laws of the State of Louisiana, without regard to conflict of laws principles.

11. **Successors and Assigns**. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

12. **Costs of Enforcement**. In the event that any party to this Agreement commences any legal action to enforce its rights hereunder as a result of the breach of this Agreement by other party, the prevailing party in such action shall be entitled to recovery all of its costs and expenses in connection therewith, including all reasonable legal fees and costs

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IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the Effective Date.

RACER:

REVITALIZING AUTO COMMUNITIES
ENVIRONMENTAL RESPONSE TRUST

By: EPLET, LLC, acting solely in its capacity
as Administrative Trustee of Revitalizing Auto
Communities Environmental Response Trust

By: /s/ Elliott P. Laws

ELLIOTT P. LAWS, not individually,
but acting solely in his capacity
as Managing Member

ELIO:

ELIO MOTORS, INC.

By: /s/ Paul Elio

Its: CEO Elio Motors

THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS THIRD AMENDMENT TO PURCHASE AND SALE AGREEMENT (“Third Amendment”) is executed effective as of this 31st day of May, 2017 (the “Effective Date”), by and between ELIO MOTORS, INC. (“Buyer”) and RACER PROPERTIES LLC (“Seller”).

RECITALS

A. Pursuant to a Purchase and Sale Agreement dated February 28, 2013, as amended by letters dated July 8, 2013 and February 28, 2014, and by the Second Amendment to Purchase and Sale Agreement dated March 17, 2015 (“Second Amendment”) (the Purchase and Sale Agreement and the amendments thereto being collectively referred to herein as the “Purchase Agreement”), Buyer agreed to buy and Seller agreed to sell personal property located at 7600 General Motors Boulevard in Shreveport, Louisiana.

B. Buyer and Seller now wish to amend the Purchase Agreement as set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth herein, Buyer and Seller hereby covenant and agree as follows:

1. Defined Terms. Initially capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement.

2. Amendment to Purchase Agreement.

(a) *Extension of Deadlines for So-Called “Start of Production”; “Jobs Creation Penalty”; and “Balloon Payment”*: Section 14 of the Certain Basic Terms Schedule is hereby amended by: (i) replacing the phrase “First day of the 24th month after the Effective Date” in the fourth paragraph of such section with the phrase “February 1, 2019”; (ii) replacing the phrase “First day of the 24th month after the Effective Date” in the fifth paragraph of such section with the phrase “September 1, 2019”; and (iii) replacing the phrase “First day of the 36th month after the Effective Date” in the fifth paragraph of such section with the phrase “July 31, 2018”.

(b) *Extension of Deadline for So-Called “Jobs Creation Penalty”*: Section 7.3.3 is hereby amended by replacing the phrase “the first day of the thirty- sixth (36th) month after the Effective Date” in the last sentence of such section with the phrase “September 1 2019.”

3. Application to Second Amendment. The extension dates of the Jobs Creation Penalty and Balloon Payment Deadlines as set forth in Second Amendment are hereby superseded by this Third Amendment.

4. No Other Modifications. Except as expressly modified hereby, the Purchase Agreement shall remain unmodified and in full force and effect.

5. Governing Law. This Amendment will be governed by and construed according to the laws of the State of Louisiana.

IN WITNESS WHEREOF, Buyer and Seller have executed this Third Amendment as of the date first set forth above.

BUYER:

ELIO MOTORS, INC., an Arizona corporation

By: /s/ Paul Elio

Name: Paul Elio

Title: CEO

SELLER:

RACER PROPERTIES LLC, a Delaware limited liability company

By: REVITALIZING AUTO COMMUNITIES ENVIRONMENTAL RESPONSE TRUST, a trust formed under the laws of the State of New York

By: EPLET, LLC, acting solely in its capacity as Administrative Trustee of the Revitalizing Auto Communities Environmental Response Trust

By: /s/ Elliott P. Laws

ELLIOTT P. LAWS, not individually, but acting solely in his capacity as Managing Member of EPLET, LLC