

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 3, 2012

MEDLEY CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

1-35040
(Commission File Number)

27-4576073
(I.R.S. Employer
Identification No.)

375 Park Avenue, 33rd Floor
New York, NY 10152
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: **(212) 759-0777**

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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ITEM 1.01. Entry into a Material Definitive Agreement.

Additional Commitment for Revolving Facility

On May 3, 2012, Medley Capital Corporation (the “Company”) entered into an Incremental Assumption Agreement (“Incremental Assumption Agreement”) with MOF I BDC LLC, as subsidiary guarantor, ING Capital LLC, as administrative agent (the “Administrative Agent”), and Doral Bank, as assuming lender (“Doral”), whereby Doral agreed to provide a commitment of \$10 million, pursuant to the Senior Secured Revolving Credit Agreement, dated as of August 4, 2011 (the “Credit Agreement”), among the Company, the Administrative Agent and certain lenders party thereto from time to time. A copy of the Incremental Assumption Agreement is attached hereto as Exhibit 10.1 and is incorporated by reference herein. The Credit Agreement was previously filed as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on August 9, 2011.

On May 3, 2012, the Company also issued a press release regarding the commitment, which is attached hereto as Exhibit 99.1, and incorporated by reference herein.

ITEM 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Incremental Assumption Agreement, dated as of May 3, 2012, among Medley Capital Corporation, as Borrower, MOF I BDC LLC, as Subsidiary Guarantor, ING Capital LLC, as Administrative Agent, and Doral Bank, as Assuming Lender
99.1	Press Release, dated May 3, 2012

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.

MEDLEY CAPITAL CORPORATION

Date: May 3, 2012

/s/ Richard T. Allorto, Jr.

Name: Richard T. Allorto, Jr.

Title: Chief Financial Officer

EXHIBIT INDEX

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99.1	Press Release, dated May 3, 2012

INCREMENTAL ASSUMPTION AGREEMENT

dated as of May 3, 2012,

made by

DORAL BANK,
as Assuming Lender

relating to the

SENIOR SECURED REVOLVING CREDIT AGREEMENT

dated as of August 4, 2011,

among

MEDLEY CAPITAL CORPORATION,
as Borrower,

The Several Lenders and Agents
from Time to Time Parties Thereto,

and

ING CAPITAL LLC,
as Administrative Agent and Collateral Agent

INCREMENTAL ASSUMPTION AGREEMENT, dated as of May 3, 2012 (this "Assumption Agreement"), by and among MEDLEY CAPITAL CORPORATION (the "Borrower"), MOF I BDC LLC (the "Subsidiary Guarantor"), ING CAPITAL LLC, in its capacity as Administrative Agent (the "Administrative Agent"), and DORAL BANK, as assuming lender (the "Assuming Lender"), relating to the SENIOR SECURED REVOLVING CREDIT AGREEMENT, dated as of August 4, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, the Administrative Agent and the several banks and other financial institutions or entities from time to time party to the Credit Agreement.

A. The Borrower has requested that the Assuming Lender provide an additional Commitment in an aggregate amount equal to \$10,000,000 (the "Incremental Commitment") pursuant to Section 2.06(f) of the Credit Agreement.

B. The Assuming Lender is willing to make such an Incremental Commitment to the Borrower on the terms and subject to the conditions set forth herein and in the Credit Agreement.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Defined Terms; Interpretation; Etc. Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Credit Agreement. The rules of construction set forth in Section 1.03 of the Credit Agreement shall apply equally to this Assumption Agreement. This Assumption Agreement shall be a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 2. Incremental Commitment. a) Pursuant to Section 2.06(f) of the Credit Agreement and subject to the terms and conditions hereof, the Assuming Lender hereby agrees to make the Incremental Commitment to the Borrower effective on and as of the Effective Date (as defined below). The Incremental Commitment shall constitute an additional "Commitment" for all purposes of the Credit Agreement and the other Loan Documents.

(b) The terms of the Incremental Commitment shall be the same as the other Commitments made under the Credit Agreement.

(c) On the Effective Date, in connection with the adjustments to any outstanding Loans and participation interests contemplated by Section 2.06(f)(iv) of the Credit Agreement, the Assuming Lender shall make a payment to the Administrative Agent, for account of the other Lenders, in an amount calculated by the Administrative Agent in accordance with such section, so that after giving effect to such payment and to the distribution thereof to the other Lenders in accordance with such section, the Loans are held ratably by the Lenders in accordance with the respective Commitments of such Lenders (after giving effect to the Incremental Commitment and any other Commitment Increases, if any, occurring on the date hereof).

(d) As of the Effective Date, the Assuming Lender shall become a Lender under the Credit Agreement and shall have all rights of a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto.

SECTION 3. Conditions Precedent to Incremental Commitment. This Assumption Agreement, and the obligations of the Assuming Lender to make the Incremental Commitment, shall become effective on and as of the Business Day (the "Effective Date") occurring on or before May 3, 2012 on which the following conditions precedent have been satisfied:

(a) the Administrative Agent shall have received counterparts of this Assumption Agreement that, when taken together, bear the signatures of the Borrower, the Subsidiary Guarantor, the Administrative Agent and the Assuming Lender;

(b) on the date hereof, each of the conditions set forth or referred to in Section 2.06(f)(i) of the Credit Agreement shall be satisfied, and pursuant to Section 2.06(f)(ii)(x) of the Credit Agreement, the Administrative Agent shall have received a certificate of a duly authorized officer of the Borrower dated the date hereof certifying as to the foregoing;

(c) the Administrative Agent shall have received for the account of the Lenders the amounts, if any, payable under Section 2.13 of the Credit Agreement as a result of the adjustments of Borrowings pursuant to Section 2(c) of this Assumption Agreement;

(d) the Assuming Lender shall have received an up-front fee in the amount of \$75,000, due to the Assuming Lender on the date hereof; and

(e) the Administrative Agent shall have received all other documented fees and expenses related to this Assumption Agreement owing on the date hereof.

SECTION 4. Representations and Warranties of the Borrower. To induce the other parties hereto to enter into this Assumption Agreement, the Borrower represents and warrants to the Administrative Agent and the Assuming Lender that, as of the date hereof:

(a) This Assumption Agreement has been duly authorized, executed and delivered by the Borrower and the Subsidiary Guarantor, and constitutes a legal, valid and binding obligation of the Borrower and the Subsidiary Guarantor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) Each of the representations and warranties made by the Borrower and the Subsidiary Guarantor in or pursuant to the Loan Documents are true and correct in all material respects as if made on such date (except to the extent they relate specifically to an earlier date, in which case they are true and correct in all material respects as of such earlier date, and unless a representation or warranty is already qualified by materiality or by Material Adverse Effect, in which case it is true and correct in all respects).

(c) No Default or Event of Default has occurred and is continuing on the date hereof or shall result from the Incremental Commitment.

SECTION 5. Representations, Warranties and Covenants of the Assuming Lender. The Assuming Lender (a) represents and warrants that (i) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Incremental Commitment, shall have the obligations of a Lender thereunder, and (ii) it has received a copy of the Credit Agreement, together with copies of the consolidated statement of assets and liabilities and the related consolidated statements of operations, changes in net assets and cash flows and related schedule of investments of the Borrower and its Subsidiaries as of and for the fiscal year ended September 30, 2011, delivered pursuant to Section 5.01(a) thereof, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assumption Agreement and to make the Incremental Commitment on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

SECTION 6. Consent and Reaffirmation. (a) The Subsidiary Guarantor hereby consents to this Assumption Agreement and the transactions contemplated hereby, (b) the Borrower and the Subsidiary Guarantor agree that, notwithstanding the effectiveness of this Assumption Agreement, the Guarantee and Security Agreement and each of the other Security Documents continue to be in full force and effect, (c) the Borrower and the Subsidiary Guarantor acknowledge that the terms "Credit Agreement Obligations," "Guaranteed Obligations" and "Secured Obligations" (each as defined in the Guarantee and Security Agreement) include any and all Loans made now or in the future by the Assuming Lender in respect of the Incremental Commitment and all interest and other amounts owing in respect thereof under the Loan Documents (including all interest and expenses accrued or incurred subsequent to the commencement of any bankruptcy or insolvency proceeding with respect to the Borrower, whether or not such interest or expenses are allowed as a claim in such proceeding), and (d) the Subsidiary Guarantor confirms its guarantee of the Guaranteed Obligations and the Borrower and the Subsidiary Guarantor confirm their grant of a security interest in their assets as Collateral for the Secured Obligations, all as provided in the Loan Documents as originally executed (and amended prior to the date hereof and supplemented hereby).

SECTION 7. Notices. All notices hereunder shall be given in accordance with the provisions of Section 9.01 of the Credit Agreement.

SECTION 8. Expenses. The Borrower agrees to pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent in connection with this Assumption Agreement in accordance with the Credit Agreement, including the reasonable and documented fees, charges and disbursements of one outside counsel for the Administrative Agent.

SECTION 9. Counterparts. This Assumption Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same contract. Delivery of an executed counterpart of a signature page of this Assumption Agreement by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart hereof.

SECTION 10. Applicable Law; Jurisdiction; Consent to Service of Process; Other. THIS ASSUMPTION AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK. THE PROVISIONS OF SECTION 9.09 OF THE CREDIT AGREEMENT (AND ALL OTHER APPLICABLE PROVISIONS OF ARTICLE IX OF THE CREDIT AGREEMENT) ARE HEREBY INCORPORATED BY REFERENCE.

SECTION 11. Headings. The headings of this Assumption Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

SECTION 12. No Third Party Beneficiaries. This Assumption Agreement is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any other person or entity. No person or entity other than the parties hereto shall have any rights under or be entitled to rely upon this Assumption Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Assumption Agreement to be duly executed and delivered by their proper and duly authorized representatives as of the day and year first above written.

MEDLEY CAPITAL CORPORATION,
as Borrower

/s/ Richard T. Allorto, Jr.

Name: Richard T. Allorto, Jr.

Title: Chief Financial Officer

MOF I BDC LLC, as Subsidiary Guarantor

/s/ Richard T. Allorto, Jr.

Name: Richard T. Allorto, Jr.

Title: Chief Financial Officer

ING CAPITAL LLC, as Administrative Agent

/s/ Patrick Frisch

Name: Patrick Frisch

Title: Managing Director

DORAL BANK,
as Assuming Lender

/s/ Christopher Poulton

Name: Christopher Poulton

Title: Executive Vice President

Medley Capital Corporation Adds Doral Bank to its Senior Credit Facility, Increasing Commitments to \$125 million

NEW YORK, NY (May 3, 2012) – Medley Capital Corporation (NYSE: MCC) (the “Company”) today announced the closing of \$10 million of additional commitments to its senior secured revolving credit facility (the “Credit Facility”) led by ING Capital LLC. Doral Bank joined the lending group and committed \$10 million. The Credit Facility is fully committed with \$125 million of total commitments.

"We are pleased to add Doral Bank to our growing bank group" said Brook Taube, Chief Executive Officer of the Company. "We intend to utilize the additional lending commitment to grow our investment portfolio and we look forward to working with Doral Bank as we expand our business in the years ahead. Our Credit Facility is now fully committed and we appreciate the bank group's continued support of our business." continued Mr. Taube.

ABOUT MEDLEY CAPITAL CORPORATION

The Company is an externally-managed, non-diversified closed-end management investment company that has filed an election to be treated as a business development company under the Investment Company Act of 1940, as amended. The Company's investment objective is to generate both current income and capital appreciation, primarily through investments in privately negotiated debt and equity securities of middle market companies. The Company is a direct lender targeting private debt transactions ranging in size from \$10 to \$50 million to borrowers principally located in North America. The Company's investment activities are managed by its investment adviser, MCC Advisors LLC, which is an investment adviser registered under the Investment Advisers Act of 1940, as amended.

ABOUT MCC ADVISORS LLC

MCC Advisors LLC, an affiliate of Medley LLC (“Medley”), is a registered investment adviser under the Investment Advisers Act of 1940, as amended. Medley specializes in credit investing, including direct private lending and corporate credit related strategies and provides first lien, second lien and unitranche term loans to lower middle-market and middle-market companies with an investment size between \$7-50 million. Medley will support acquisition and growth financings, leveraged buyouts, management buyouts, bank debt restructurings, CAPEX, Chapter 11 exit financing and DIP financing. Medley is headquartered in New York with offices in San Francisco.

SOURCE: Medley Capital Corporation

Medley Capital Corporation

Richard Allorto, 212-759-0777
