

# SPAR GROUP INC

## **FORM 8-K** (Current report filing)

Filed 12/28/16 for the Period Ending 12/22/16

Address	333 WESTCHESTER AVE SUITE 204 WHITE PLAINS, NY 10604
Telephone	914-332-4100
CIK	0001004989
Symbol	SGRP
SIC Code	7389 - Business Services, Not Elsewhere Classified
Industry	Advertising & Marketing
Sector	Consumer Cyclical
Fiscal Year	12/31

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 22, 2016

SPAR Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

0-27824  
(Commission  
File No.)

33-0684451  
(IRS Employer  
Identification No.)

333 Westchester Avenue, South Building, Suite 204, White Plains, NY  
(Address of Principal Executive Offices)

10604  
(Zip Code)

Registrant's telephone number, including area code: (914) 332-4100  
(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))

## Item 1.01 Entry into a Material Definitive Agreement.

### *Amendment to and Temporary Increase in Sterling Domestic Credit Facility:*

SGRP and certain of its US and Canadian subsidiaries, (namely SPAR Marketing Force, Inc., SPAR Assembly & Installation, Inc. (f/k/a SPAR National Assembly Services, Inc.), SPAR Group International, Inc., SPAR Trademarks, Inc., SPAR Acquisition, Inc., SPAR Canada, Inc. and SPAR Canada Company) (together with SGRP, the "Borrowers"), are parties to a Revolving Loan and Security Agreement dated as of July 6, 2010, as amended (as amended, the "Sterling Loan Agreement"), with Sterling National Bank (the "Lender"), and their Amended and Restated Secured Revolving Loan Note in the amended maximum principal amounts of \$9.0 million to Sterling National Bank (as amended, the "Restated Sterling Note"), to document and govern their credit facility with the Lender (including such agreement and note, the "Sterling Credit Facility"). The Sterling Credit Facility as amended currently is scheduled to expire and the Borrowers' loans thereunder will become due on July 6, 2017 (with no early termination fee).

The amendment to the Sterling Credit Facility effective as of December 22, 2016 (the "Eighth Sterling Amendment"), among other things, temporarily increased the maximum principal amounts of Sterling's commitment under the Sterling Loan Agreement from \$8.5 million to 9.0 million through January 31, 2017 (when such maximum reverts to \$8.5 million), increased the interest charges from Sterling's prime rate minus 0.50 per annum to Sterling's prime rate plus 0.50% per annum, and provided for the Borrowers' issuance of the Restated Sterling Note in replacement of the old notes.

Revolving loans of up to \$9.0 million (\$8.5 million after January 31, 2017) are available to the Borrowers under the Sterling Credit Facility based upon the borrowing base formula defined in the Sterling Loan Agreement (principally 85% of "eligible" US and Canadian accounts receivable less certain reserves). The Sterling Credit Facility is secured by substantially all of the assets of the Borrowers (other than the Company's non-Canadian foreign subsidiaries, certain designated domestic subsidiaries, and those subsidiaries' respective equity and assets).

The Sterling Loan Agreement currently requires the Borrowers to pay interest on the loans thereunder equal to the greater of (i) the Agent's floating Prime Rate (as defined in such agreement) plus one half of one percent (0.5%) per annum or (ii) 3.75% per annum), and to pay a fee on the maximum unused line thereunder equal to one-eighth of one percent (0.125%) per annum.

The Sterling Loan Agreement continues to require the Borrowers to maintain certain financial covenants (unchanged by the Eighth Sterling Amendment), including maintenance by the Borrowers of a minimum combined tangible net worth of \$3.4 million and minimum consolidated tangible net worth of \$4.8 million, with those figures increasing by at least 50% of combined and consolidated net profit each year, respectively. In addition, the Borrowers must not exceed a maximum combined indebtedness to tangible net worth ratio of 3.0 to 1.0, and consolidated tangible net worth ratio of 4.0 to 1.0 for the Company, and the Borrowers must maintain a minimum fixed charge coverage ratio of 1.5 to 1.0. Also, capital expenditures for the Borrowers cannot exceed \$2.0 million during any fiscal year, and, on a consolidated basis, the Company's year-end operations may not result in a loss or deficit, as determined in accordance with GAAP. As previously reported in the Company's most recent Quarterly Report filed on Form 10-Q, The Company was not in compliance with the Fixed Charge Ratio covenant at September 30, 2016, however a waiver was obtained from Sterling Bank on November 18, 2016.

The Eighth Sterling Amendment and the Restated Sterling Note are attached hereto and filed herewith as Exhibits 99.1 and 99.2, respectively, and are hereby incorporated herein by reference.

### **Forward Looking Statements**

This Current Report contains "forward-looking statements" made by SPAR Group, Inc. ("SGRP", and together with its subsidiaries, the "SPAR Group" or the "Company") and this Current Report has been filed by SGRP with the Securities and Exchange Commission (the "SEC"). There also are "forward looking statements" contained in SGRP's Annual Report on Form 10-K for its fiscal year ended December 31, 2015 (as filed, the "Annual Report"), as filed with the SEC on March 30, 2016, in SGRP's definitive Proxy Statement respecting its Annual Meeting of Stockholders held on May 19, 2016 (as filed, the "Proxy Statement"), which SGRP filed with the SEC on April 27, 2016, and SGRP's Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports and statements as and when filed with the SEC (including this Current Report, the Annual Report, the Proxy Statement, and such other reports, each a "SEC Report"). "Forward-looking statements" are defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other applicable federal and state securities laws, rules and regulations, as amended (together with the Securities Act and Exchange Act, collectively, "Securities Laws").

The forward-looking statements made by the Company in this Current Report includes (without limitation) any expectations, guidance or other information respecting the pursuit or achievement of the Company's five corporate objectives (growth, customer value, employee development, productivity & efficiency, and earnings per share), building upon the Company's strong foundation, leveraging compatible global opportunities, improving on the value we already deliver to customers, our growing client base, continuing balance sheet strength, customer contract expansion, growing revenues and becoming profitable through organic growth and acquisitions, attracting new business that will increase SPAR Group's revenues, improving product mix, continuing to maintain or reduce costs and consummating any transactions. The Company's forward-looking statements also include, in particular and without limitation, those made in "Business", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report. You can identify forward-looking statements in such information by the Company's use of terms such as "may", "will", "expect", "intend", "believe", "estimate", "anticipate", "continue" or similar words or variations or negatives of those words.

You should carefully consider (and not place undue reliance on) the Company's forward-looking statements, risk factors and the other risks, cautions and information made, contained or noted in or incorporated by reference into this Current Report, the Annual Report, the Proxy Statement and the other applicable SEC Reports that could cause the Company's actual performance or condition (including its assets, business, capital, cash flow, credit, expenses, financial condition, income, liabilities, liquidity, locations, marketing, operations, performance, prospects, sales, strategies, taxation or other achievement, results, risks, trends or condition to differ materially from the performance or condition planned, intended, expected, estimated or otherwise expected by the Company (collectively, "expectations") and described in the information in the Company's forward-looking and other statements, whether express or implied. Although the Company believes them to be reasonable, those expectations involve known and unknown risks, uncertainties and other unpredictable factors (many of which are beyond the Company's control) that could cause those expectations to fail to occur or be realized or such actual performance or condition to be materially and adversely different from the Company's expectations. In addition, new risks and uncertainties arise from time to time, and it is impossible for the Company to predict these matters or how they may arise or affect the Company. Accordingly, the Company cannot assure you that its expectations will be achieved in whole or in part, that the Company has identified all potential risks, or that the Company can successfully avoid or mitigate such risks in whole or in part, any of which could be significant and materially adverse to the Company and the value of your investment in the Company's Common Stock.

You should carefully review the risk factors described in the Annual Report (See Item 1A – Risk Factors) and any other risks, cautions or information made, contained or noted in or incorporated by reference into this Current Report, the Annual Report, the Proxy Statement or other applicable SEC Report. All forward-looking and other statements or information attributable to the Company or persons acting on its behalf are expressly subject to and qualified by all such risk factors and other risks, cautions and information.

The Company does not intend or promise, and the Company expressly disclaims any obligation, to publicly update or revise any forward-looking statements, risk factors or other risks, cautions or information (in whole or in part), whether as a result of new information, risks or uncertainties, future events or recognition or otherwise, except as and to the extent required by applicable law.



EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Eighth Agreement of Amendment to Revolving Loan and Security Agreement And Other Documents, dated and effective as of December 22, 2016, by and among Sterling National Bank, as "Lender" and "Agent", and SPAR Group, Inc., SPAR Installation & Assembly, Inc., SPAR Group International, Inc., SPAR Acquisition, Inc., SPAR Trademarks, Inc., SPAR Marketing Force, Inc., SPAR Canada, Inc., and SPAR Canada Company, each as a "Borrower" under such loan agreement as of such amendment date (and such amendment is attached hereto and filed herewith).
99.2	Amended and Restated Secured Revolving Loan Note dated as of December 22, 2016, in the original maximum principal amount of \$9,000,000 issued to Sterling National Bank by SPAR Group, Inc., SPAR Installation & Assembly, Inc., SPAR Group International, Inc., SPAR Acquisition, Inc., SPAR Trademarks, Inc., SPAR Marketing Force, Inc., SPAR Canada, Inc., and SPAR Canada Company, each as a "Borrower" under such note, pursuant to (and governed by) the Sterling Loan Agreement as amended (and such note is attached hereto and filed herewith).

## EIGHTH AGREEMENT OF AMENDMENT TO REVOLVING LOAN AND SECURITY AGREEMENT AND OTHER DOCUMENTS

This Eighth Agreement of Amendment to Revolving Loan and Security Agreement and Other Documents (this "Amendment") shall be dated and effective as of December 22, 2016 and is by and between STERLING NATIONAL BANK, having an office at 489 Fifth Avenue, New York, New York 10017 ("Sterling"), and any other entity becoming a lender pursuant to the Loan Agreement (as hereinafter defined) are individually referred to as a "Lender" and collectively referred to as the "Lenders", and Sterling as the agent for the Lenders as well as acting for the benefit of the Lenders (the "Agent"), and SPAR GROUP, INC., a Delaware corporation, SPAR ASSEMBLY & INSTALLATION, INC. (F/K/A SPAR NATIONAL ASSEMBLY SERVICES, INC.), a Nevada corporation, SPAR GROUP INTERNATIONAL, INC., a Nevada corporation, SPAR ACQUISITION, INC., a Nevada corporation, SPAR TRADEMARKS, INC., a Nevada corporation, SPAR MARKETING FORCE, INC., a Nevada corporation, SPAR CANADA, INC., a Nevada corporation and SPAR CANADA COMPANY, an unlimited liability company incorporated in the Province of Nova Scotia, Canada (either separately, jointly, or jointly and severally, collectively, the "Borrowers"), each having an address at 333 Westchester Avenue, South Building, Suite 204, White Plains, New York 10604.

WHEREAS, the Borrowers have executed and delivered or have become parties to, as applicable, a certain Secured Revolving Loan Note dated July 6, 2010 in the original principal amount of Five Million and 00/100 Dollars (\$5,000,000.00), payable to the order of the Agent, as same was subsequently increased to Six Million Five Hundred Thousand Dollars (\$6,500,000.00) and as same was subsequently further increased to Seven Million Five Hundred Thousand and 00/100 Dollars (\$7,500,000.00) as evidenced by a certain Amended and Restated Secured Revolving Loan Note dated July 1, 2014 and as same was subsequently modified as evidenced by a certain Amended and Restated Secured Revolving Loan Note dated as of September 28, 2015 (collectively, the "Existing Note") and as same (and Sterling's Commitment to make revolving loan advances) is being further temporarily increased to Nine Million and 00/100 Dollars (\$9,000,000.00) pursuant to an Amended and Restated Secured Revolving Loan Note of even date herewith in the original principal amount of Nine Million and 00/100 Dollars (\$9,000,000.00) issued by the Borrowers to Sterling in order to continue and evidence the outstanding indebtedness under and amend, restate and completely replace the Existing Note (the "Note");

WHEREAS, in connection with the execution and delivery of the Existing Note and to secure payment and performance of the Note (and prior to its execution, the Existing Note) and other obligations of the Borrowers to the Agent, the Agent and the Borrowers have executed or become parties to, as applicable, a certain Revolving Loan and Security Agreement effective July 6, 2010, as same has been amended from time to time and as same is hereby further amended pursuant to the terms of this Amendment (collectively, the "Loan Agreement");

WHEREAS, in addition to the Note and the Loan Agreement, the Borrowers and the Agent have executed and/or delivered certain other collateral agreements, certificates and instruments perfecting or otherwise relating to the security interests created, which together with the Note and the Loan Agreement are hereinafter individually referred to as a "Loan Document" and collectively referred to as the "Loan Documents";

WHEREAS, the Borrowers have requested that the Agent modify the amount of the Revolving Loan and make certain other modifications to the terms of the Revolving Loan evidenced by the Note, the Loan Agreement and the other Loan Documents to which the Agent has agreed provided the Borrowers enter into this Amendment;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which being hereby acknowledged, the Agent and the Borrowers hereby agree as follows:

1. Capitalized terms not defined herein shall have the meaning set forth in the Loan Agreement.
2. Section 1.1(a) of the Loan Agreement is hereby amended to read in its entirety as follows:

"Lender agrees to provide, in its sole and absolute discretion, advances in the maximum aggregate amount of \$9,000,000.00 until January 31, 2017, and in the maximum aggregate amount of \$8,500,000.00 thereafter unless Borrower and Lender agree in writing to permanently increase the maximum aggregate amount of advances, to the Borrower for the Revolving Loan and Letters of Credit ("Commitment"), but not in excess of the Borrower's Borrowing Base, at one time or from time to time at the request of the Borrower on a Revolving Loan basis (the "Revolving Loan"), which may be repaid and reborrowed during the term of this Agreement. The full amount of outstanding principal and interest on account of the Revolving Loan is to be payable on July 6, 2017."

3. The first paragraph of Section 1.1 (b) of the Loan Agreement is hereby amended to read in its entirety as follows:

The term "Borrowing Base" means an amount equal to the lesser of (i) Nine Million and 00/100 Dollars until January 31, 2017 and Eight Million Five Hundred Thousand and 00/100 Dollars (\$8,500,000.00) thereafter unless the Borrower and the Lender otherwise agree in writing or the sum of (ii) up to eighty-five percent (85%) of the face amount of the Borrower's "Qualified Accounts" plus (iii) the lesser of (A) up to sixty-five percent (65%) of the face amount of the Borrower's otherwise Qualified Accounts which are unbilled for not more than up to sixty (60) days following completion of service or product, or (B) Three Million and 00/100 Dollars (\$3,000,000.00), but which, in no event, shall exceed fifty percent (50%) of the Borrowing Base (in each case all less reserves determined by Agent for advertising allowances, warranty claims and other contingencies) as that term is defined in this Agreement, plus (iv) up to Five Hundred Thousand and 00/100 Dollars (\$500,000.00) of the full unpaid and outstanding balance of any standby letters of credit which Lenders in their sole and absolute discretion may issue on account of the Borrower, which letters of credit are to be fully and separately cash collateralized."

4. Section 1.3(a) of the Loan Agreement is hereby amended to read in its entirety as follows:

"Interest accrues on the Revolving Loan at the greater of (i) Agent's floating Prime Rate (as that term is defined in this Agreement) plus one half of one percent (.50%) or (ii) three and three quarters of one percent (3.75%)."

5. All references in the Loan Agreement and the other Loan Documents, if any, to (a) SPAR National Assembly Services, Inc. shall hereafter be to and mean SPAR Assembly & Installation, Inc., whether by name or defined term, as a "Borrower" or otherwise; and (b) the "Note" or "Notes", whether by name, as a "Loan Document" or otherwise, shall hereafter be to and mean the Amended and Restated Secured Revolving Loan Note dated as of December 1, 2016, in the original principal amount of Nine Million and 00/100 Dollars (\$9,000,000.00), made payable by the Borrowers to the order of Sterling, as amended, and issued in order to continue and evidence the outstanding indebtedness under and amend, restated and completely replace the Existing Note and any other note(s) that may be issued by Borrowers to evidence the Revolving Loan.

6. In the event of any ambiguity or inconsistency between the Loan Documents and this Amendment, the language and interpretation of this Amendment shall be deemed binding and paramount.

7. The Borrowers hereby represent and warrant to the Agent that:

(a) Each and every of the representations and warranties set forth in the Loan Agreement and the other Loan Documents are true in all material respects as of the date hereof and with the same effect as though made on the date hereof (except as and to the extent limited to reference dates), and are hereby incorporated herein in full by reference as if fully restated herein in its entirety;

(b) No Default or event of Default and no event or condition which, with the giving of notice or lapse of time or both, would constitute such a default or event of Default, now exists or would exist under any Loan Document after giving effect hereto;

(c) There are no defenses or offsets to its outstanding obligations under the Loan Agreement or any of the other Loan Documents executed in connection therewith, and if any such defenses or offsets exist without the knowledge of the Borrowers, the same are hereby waived;

(d) The Borrowers are not subject to any legal or contractual restrictions on their ability to enter into this Amendment;

(e) The individual(s) executing this Amendment on behalf of the Borrowers has the requisite power and authority to execute and deliver this Amendment and that all action necessary to authorize the execution, delivery and performance of this Amendment has been duly taken, and this Amendment is being duly executed and delivered by the officer or other representative authorized to execute and deliver this Amendment; and

(f) As of the date hereof, the Borrowers are each duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation and each is duly qualified as a foreign corporation or unlimited liability company, as applicable, and in good standing under the laws of each other jurisdiction in which such qualification is required.

8. It is expressly understood and agreed that all collateral security for the extensions of credit set forth in the Loan Agreement is and shall continue to be collateral security for all extensions of credit provided under the Loan Agreement as herein amended. Without limiting the generality of the foregoing, the Borrowers hereby absolutely and unconditionally confirm that each document and instrument executed by the Borrowers pursuant to the Loan Agreement continues in full force and effect, is hereby ratified and confirmed and is and shall continue to be applicable to the Loan Agreement (as herein amended).

9. The amendments set forth herein is limited precisely as written and shall not be deemed to (a) be a consent to or a waiver of any other term or condition of the Loan Agreement, the Loan Documents or any of the documents referred to therein, or (b) prejudice any right or rights which the Agent may now have or may have in the future under or in connection with the Loan Agreement, the Loan Documents or any documents referred to therein, as amended. Whenever the Loan Agreement is referred to in the Loan Agreement, the Loan Documents or any of the instruments, agreements or other documents or papers executed and delivered in connection therewith, it shall be deemed to mean the Loan Agreement and other Loan Documents as amended hereby.

10. The B01Towers agree to sign, deliver and file any additional documents and take any other actions that may reasonably be required by the Agent including, but not limited to, affidavits, resolutions, or certificates for the full and complete consummation of the matters covered by this Amendment.

11. This Amendment is binding upon, inures to the benefit of, and is enforceable by, the heirs, personal representatives, successors and assigns of the parties hereto. This Amendment is not assignable by the Borrowers without the prior written consent of the Agent, provided, however, that this Amendment shall be deemed to be assigned with any assignment of the Loan Agreement consented to by the Agent.

12. To the extent that any provision of this Amendment is determined by any court or legislature to be invalid or unenforceable in whole or in part either in a particular case or in all cases, such provision or part thereof is to be deemed surplusage. If that occurs, it shall not have the effect of rendering any other provision of this Amendment invalid or unenforceable and this Amendment is to be construed and enforced as if such invalid or unenforceable provision or part thereof were omitted.

13. This Amendment may only be changed or amended by a written agreement signed by all of the parties. By execution of this Amendment, the Agent is not to be deemed to consent to any future renewal, extension or amendment of the Revolving Loan or the Loan Documents.

14. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original. Said counterparts shall constitute but one and the same instrument and shall be binding upon each of the undersigned individually as fully and completely as if all had signed but one instrument.

15. This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of New York without giving effect to New York's conflict of laws principles that would defer to the substantive laws of any other jurisdiction.

16. The parties to this Amendment acknowledge that each has had the opportunity to consult independent counsel of their own choice, and that each has relied upon such counsel's advice concerning this Amendment, the enforceability and interpretation of the terms contained in this Amendment and the consummation of the transaction and matters covered by this Amendment. The parties to this Amendment agree that, when interpreting this Amendment, there shall be no presumption against the Agent on account of the fact that the Agent is the party causing the drafting of this Amendment.

17. The obligation of the Agent to enter into this Amendment is subject to the following:

(a) Receipt by the Agent of a fully executed counterpart of this Amendment and the Amended and Restated Secured Revolving Loan Note from the Borrowers; and

(b) The Agent shall have received such other documents or information as it may reasonably request.

In addition to the foregoing, the Borrowers agree that they shall be obligated for the payment of the Agent's reasonable legal fees incurred in connection with the preparation of this Amendment.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

The undersigned have caused this Amendment to be executed as of the day and year first above written.

STERLING NATIONAL BANK

By: /s/  
Name: \_\_\_\_\_  
Title:

SPAR GROUP, INC.

By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

SPAR ASSEMBLY & INSTALLATION, INC.

By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

SPAR GROUP INTERNATIONAL, INC.

By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

SPAR ACQUISITION, INC.

By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

SPAR TRADEMARKS, INC.

By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

-Signatures Continued on Following Page-

SPAR MARKETING FORCE, INC.

By: /s/ James R. Segreto

Name: James R. Segreto

Title: Chief Financial Officer, Treasurer and Secretary

SPAR CANADA, INC.

By: /s/ James R. Segreto

Name: James R. Segreto

Title: Chief Financial Officer, Treasurer and Secretary

SPAR CANADA COMPANY

By: /s/ James R. Segreto

Name: James R. Segreto

Title: Chief Financial Officer, Treasurer and Secretary

## AMENDED AND RESTATED SECURED REVOLVING LOAN NOTE

\$9,000,000.00

As of December 22, 2016  
New York, New York

As and when provided by the terms of that certain Revolving Loan and Security Agreement effective July 6, 2010, as same has been amended from time to time and as same has been further amended as of the date hereof and as same may be subsequently amended, signed by the undersigned as "Borrower" (collectively, "Loan Agreement"), *For Value Received*, the undersigned (collectively, the "Borrower"), jointly and severally, promises to pay to the order of STERLING NATIONAL BANK (the "Lender"), in care of Sterling National Bank, as Agent pursuant to the Loan Agreement (the "Agent"), at 489 Fifth Avenue, New York, NY 10017, the principal sum of Nine Million Five Hundred Thousand and 00/100 Dollars (\$9,000,000.00) (as said amount may be reduced pursuant to the terms of the Loan Agreement), or such lesser principal amount actually advanced pursuant to the Loan Agreement.

This Note bears interest during each calendar month from the date hereof until paid as set forth in the Loan Agreement. Interest is to be paid at time intervals as set forth in the Loan Agreement. In no event is the interest rate to be higher than the maximum lawful rate. Interest is calculated on a daily basis upon the unpaid balance with each day representing 1/360th of a year.

All payments on this Note are to be made in immediately available lawful money of the United States by the Agent's direct charge to the Borrower's and the Guarantor's deposit accounts with the Agent. In addition to the provision above for direct charge of payments due, the Agent is hereby authorized, at its sole and absolute discretion, to debit any other of the Borrower's or the Guarantor's accounts for payments due as set forth in the Loan Agreement. This authorization does not affect the Borrower's obligations to pay when due all amounts payable under this Note, whether or not there are sufficient funds therefor in such accounts. The foregoing authorization is in addition to, and not in limitation of, any rights of setoff.

In the event and during the continuance of a Default (as defined in the Loan Agreement), the Agent in its discretion may impose the accrual of default interest on all amounts payable hereunder at a rate equal to five percent (5%) per annum (the "Default Rate") in addition to the interest rate otherwise payable hereunder. The Borrower acknowledges that: (i) such additional Default Rate is a material inducement to the Lender to make the loan; (ii) the Lender would not have made the loan in the absence of the agreement of the Borrower to pay such additional Default Rate; (iii) such additional Default Rate represents compensation for increased risk to the Lender that the loan will not be repaid; and (iv) such additional Default Rate is not a penalty and represents a reasonable estimate of (a) the cost to the Lender in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to the Lender for losses that are difficult to ascertain.

In the event any payment is received by the Agent more than ten (10) days after the date due, the Agent may assess, in its discretion, and the undersigned is to pay, to the extent permitted by law, to the Lender a late charge of five percent (5%) of the overdue payment. Any such late charge so assessed by the Agent is immediately due and payable. Any payment received after 3:00 P.M. on a banking day (other than as advanced or debited later than such time by the Agent or any Lender) is deemed received on the next succeeding banking day.

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This Note is secured by the Collateral as defined in the Loan Agreement. Capitalized terms used and not otherwise defined in this Note have the meaning set forth in the Loan Agreement. The terms and provisions of the Loan Agreement are incorporated herein by reference. In the event of conflict, ambiguity or inconsistency between the terms of the Loan Agreement and the terms hereof, the terms of the Loan Agreement prevail.

Except as otherwise specified in the Loan Agreement, each payment made in respect of this Note is to be applied first to the payment of any expenses or charges payable hereunder and accrued interest, and the balance applied to principal amounts due under this Note.

The undersigned hereby waives demand, notice of non-payment, protest, and all other notices or demands whatsoever, and hereby consents that without notice to and without releasing the liability of any party, the obligations evidenced by this Note or the Loan Agreement may from time to time, in whole or part, be renewed, extended, modified, accelerated, compromised, settled or released by the Lender.

The Lender's books and records are prima facie evidence of the amount of the obligations and are binding upon the Borrower absent manifest error.

The Lender is hereby authorized to fill in any blank spaces in this Note and to date this Note as of the applicable date and to correct patent errors herein.

Pursuant to Section 5-1401 of the New York General Obligations Law, the substantive laws of the State of New York, without regard to the choice of law principles that might otherwise apply to defer to the substantive laws of another jurisdiction, shall govern the validity, construction, enforcement and interpretation of this Note.

BORROWER, AGENT AND LENDERS EACH HEREBY WAIVE ALL RIGHTS TO A TRIAL BY JURY IN ANY LITIGATION RELATING TO THIS NOTE OR OTHER LOAN DOCUMENTS AS AN INDUCEMENT TO THE ACCEPTANCE BY THE LENDER OF THIS NOTE.

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This Note is being executed and delivered as a restatement of the outstanding indebtedness evidenced by that certain Amended and Restated Secured Revolving Loan Note dated as of September 28, 2015, as same may have previously been amended or restated (hereinafter referred to as the "Existing Note") and secured by the Loan Agreement. The indebtedness evidenced by this Note constitutes a total restatement of the indebtedness evidenced by the Existing Note in the current aggregate amount outstanding and/or available to be advanced thereunder of \$9,000,000.00 (as said amount may be reduced pursuant to the terms of the Loan Agreement). This Note shall not constitute a cancellation or novation with respect to the indebtedness evidenced by the Existing Note. Such indebtedness (as heretofore evidenced by the Existing Note and as hereafter evidenced by this Note) shall continue to be secured by, inter alia, the Loan Agreement without interruption in the lien or priority thereof. Subject to the foregoing provisions this Note amends, restates and supersedes the Existing Note.

Witness:

SPAR GROUP, INC.

By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

Witness:

SPAR ASSEMBLY & INSTALLATION, INC. By:

By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

Witness:

SPAR GROUP INTERNATIONAL, INC. By:

By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

Witness:

SPAR ACQUISITION, INC.

By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

-Signatures Continued on Following Page-

Witness: SPAR TRADEMARKS, INC.  
\_\_\_\_\_  
By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

Witness: SPAR MARKETING FORCE, INC.  
\_\_\_\_\_  
By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

Witness: SPAR CANADA, INC.  
\_\_\_\_\_  
By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

Witness: SPAR CANADA COMPANY  
\_\_\_\_\_  
By: /s/ James R. Segreto  
Name: James R. Segreto  
Title: Chief Financial Officer, Treasurer and Secretary

STATE OF )  
                  ) ss.:  
COUNTY OF )

On the \_ day of \_\_\_\_\_ in the year 201\_, before me, the undersigned, personally appeared James R. Segreto, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacities, and that by his signatures on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public