

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): **October 23, 2017**

TELKONET, INC.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction
of incorporation)

000-31972
(Commission
File Number)

87-0627421
(IRS Employer
Identification No.)

20800 Swenson Drive, Suite 175
Waukesha, Wisconsin
(Address of principal executive offices)

53186
(Zip Code)

Registrant's telephone number, including area code: (414) 223-0473

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))

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 Material Definitive Agreement.

Effective as of October 23, 2017, Telkonet, Inc. (the “Company” and “Borrower”) entered into a Sixth Amendment to the Loan and Security Agreement (the “Amendment”) with Heritage Bank of Commerce, a California state chartered bank (the “Bank”). The Company and the Bank are parties to a certain Loan and Security Agreement (the “Loan Agreement”) dated as of September 30, 2014 referenced in a Current Report on Form 8-K filed with the Securities and Exchange Commission on October 2, 2014.

The Amendment extends the revolving maturity date to September 30, 2019 and redefines compliance if the Company deviates from its projected EBITDA for the quarter ended September 30, 2017 or quarter ending December 31, 2017. The Borrower shall be deemed compliant if, as of such measurement date, Borrower’s unrestricted cash maintained in its accounts at Bank is in excess of \$5,000,000. If Bank and Borrower fail to establish a mutually acceptable EBITDA level for the upcoming calendar year on or before December 31 of each year, the revolving maturity date shall be February 15 of such immediately upcoming year. All other terms of the Loan Agreement remain in full force and effect.

The foregoing description of the Amendment is not complete and is in all respects subject to the actual provisions of the Amendment, a copy of which has been filed as Exhibit 10.1 to this Current Report on Form 8-K and which is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibit.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Sixth Amendment to Loan and Security Agreement entered into as of October 23, 2017, among Telkonet, Inc. and Heritage Bank of Commerce.

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.

Dated: October 23, 2017

TELKONET, INC.

By: /s/ Jason Tienor
Jason Tienor Chief Executive Officer

EXHIBIT INDEX

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10.1	Sixth Amendment to Loan and Security Agreement entered into as of October 23, 2017, among Telkonet, Inc. and Heritage Bank of Commerce.

SIXTH AMENDMENT
TO
LOAN AND SECURITY AGREEMENT

This Sixth Amendment to Loan and Security Agreement is entered into as of October 23, 2017 (the "Amendment"), by and among TELKONET, INC. ("Borrower"), and HERITAGE BANK OF COMMERCE ("Bank").

RECITALS

Borrower and Bank are parties to that certain Loan and Security Agreement dated as of September 30, 2014 and as amended from time to time, including pursuant to that certain First Amendment to Loan and Security Agreement dated as of February 17, 2016, that certain Second Amendment to Loan and Security Agreement dated as of October 27, 2016, that certain Third Amendment to Loan and Security Agreement dated as of January 25, 2017, that certain Fourth Amendment to Loan and Security Agreement dated as of March 29, 2017 and that certain Fifth Amendment to Loan and Security Agreement dated as of August 29, 2017 (collectively, the "Agreement").

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. The following definition in Section I. I of the Agreement is amended and restated in its entirety:

"Revolving Maturity Date" means September 30, 2019, subject to Section 6.9(c).

2. The fifth sentence on Section 2.4(d) of the Agreement is amended and restated in its entirety to read as follows:

Bank shall credit all amounts paid into the Bancontrol Account to Borrower's operating account within two Business Days after clearance of such deposits; provided however that following an Event of Default, Bank may, in its sole discretion, credit any amounts paid into the Bancontrol Account first against any amounts outstanding under the Revolving Facility, and then any remaining balance of such amount shall be credited to Borrower's operating account.

3. The last sentence in Section 6.9(b) of the Agreement is amended and restated in its entirety to read as follows:

Notwithstanding the foregoing, if Telkonet, Inc. deviates from its projected EBITDA for quarter ended September 30, 2017 or quarter ending December 31, 2017, Borrowers shall be deemed in compliance with this Section 6.9(b) if, as of such measurement date, Borrowers' unrestricted cash maintained in its accounts at Bank is in excess of \$5,000,000.

4. The last sentence of Section 6.9(c) of the Agreement is amended and restated in its entirety to read as follows:

If Bank and Borrowers do not, on or before December 31 of each year, establish a mutually acceptable EBITDA level in respect of the covenant set forth in Section 6.9(b) for the upcoming calendar year, then the Revolving Maturity Date shall be February 15 of such immediately upcoming year.

5. Borrower represents and warrants that the representations and warranties contained in the Agreement are true and correct as of the date of this Amendment, and that no Event of Default has occurred and is continuing.

6. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement. The Agreement, as amended hereby, shall be and remain in full force and effect in accordance with its respective terms and hereby is ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Bank under the Agreement, as in effect prior to the date hereof. Borrower ratifies and reaffirms the continuing effectiveness of all agreements entered into in connection with the Agreement.

7. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original hereof.

8. As a condition to the effectiveness of this Amendment, Bank shall have received, in form and substance satisfactory to Bank, the following:

(a) the original signed Amendment, corporate resolutions and incumbency certificate, and all other Loan Documents being executed in connection herewith, duly executed by Borrower;

(b) payment of the facility fee due on September 30, 2017 pursuant to Section 2.5(b) of the Loan Agreement (if such fee has not already been paid) plus an amount equal to all Bank Expenses incurred through the date of this Amendment; and

(c) such other documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the first date above written.

TELKONET, INC.

By: /s/ Gene Mushrush
Name: Gene Mushrush
Title: CFO

HERITAGE BANK OF COMMERCE

By: /s/ Karla Schrader
Name: Karla Schrader
Title: VP