
**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): June 27, 2008

McGRATH RENTCORP

(Exact name of registrant as specified in its Charter)

California

(State or other jurisdiction of incorporation)

0-13292

(Commission File Number)

94-2579843

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

5700 Las Positas Road, Livermore, CA 94551-7800

(Address of principal executive offices)

(925) 606-9200

(Registrant's Telephone Number, Including Area Code)

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))
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Item 1.01 Entry into a Material Definitive Agreement.

On June 26, 2008, McGrath RentCorp (the “Company”) entered into a Credit Facility Letter Agreement between the Company and Union Bank of California, N.A. (the “Credit Facility Letter”) and a Credit Line Note in favor of Union Bank of California, N.A. (the “Credit Line Note”) extending its \$5.0 million line of credit facility related to its cash management services (“Sweep Service Facility”). The Sweep Service Facility matures on the earlier of May 14, 2013, or the date the Company ceases to utilize Union Bank of California, N.A. for its cash management services.

As provided in the Credit Line Note for the Sweep Service Facility, if there is an occurrence of an event of default under the Company’s Credit Agreement dated as of May 14, 2008, with Union Bank of California, N.A., Bank of America, N.A., KeyBank, N.A., JPMorgan Chase Bank, N.A., Bank of the West, Wells Fargo Bank, N.A., U.S. Bank National Association, Malayan Banking Berhad, and The Northern Trust Company, it will also result in a default under the Sweep Service Facility.

The foregoing description of the Sweep Service Facility does not purport to be complete and is qualified in its entirety by reference to the full text of the Credit Facility Letter and the Credit Line Note, which are attached hereto as Exhibits 10.1 and 10.2 and are 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.

The disclosure required by this item is included in “Item 1.01 Entry into a Material Definitive Agreement,” which is incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	\$5,000,000 committed Credit Facility Letter Agreement between the Company and Union Bank of California, N.A., dated as of June 26, 2008.
10.2	\$5,000,000 Credit Line Note, dated June 26, 2008.

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.

McGRATH RENTCORP

Dated: June 27, 2008

By: /s/ Keith E. Pratt

Keith E. Pratt

Senior Vice President and Chief Financial Officer

Execution Version

June 26, 2008

Mr. Keith E. Pratt
Senior Vice President and
Chief Financial Officer
McGrath RentCorp
5700 Las Positas Road
Livermore, CA 94551

Re: \$5,000,000.00 Committed Credit Facility

Dear Mr. Pratt:

Union Bank of California, N.A. ("Bank") is pleased to offer McGrath RentCorp, a California corporation ("Borrower") a committed credit facility ("Facility") under which the Bank will make advances to the Borrower from time to time up to and including May 14, 2013, not to exceed at any time the maximum principal amount of Five Million Dollars (\$5,000,000.00), to be governed by the terms of the enclosed Credit Line Note ("Credit Line Note") in favor of Bank, and subject to the conditions and agreements set forth below.

1. This Facility is made available only in connection with Borrower's use of the Bank's sweep service for management of its checking account balances ("Sweep Service"). Therefore, this Facility shall commence on the date ("Effective Date") Borrower becomes a Sweep Service customer and this Facility shall terminate, if not earlier terminated, on the date Borrower ceases to continue as a Sweep Service customer. Upon such termination Bank shall have no further obligation to fund advances under this Facility, and all amounts owing under the Credit Line Note shall become immediately due and payable.

2. As provided in the Credit Line Note, the occurrence of an Event of Default under the Multibank Agreement shall be a default under this Facility. The term "Multibank Agreement" as used herein means that certain Credit Agreement dated as of May 14, 2008, by and among Borrower, Bank, Bank of America, N.A., KeyBank, N.A., JPMorgan Chase Bank, N.A., Bank of the West, Wells Fargo Bank, N.A., U.S. Bank National Association, Malayan Banking Berhad, and The Northern Trust Company, as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions thereof. Each capitalized term not otherwise defined herein shall have the meaning set forth in the Multibank Agreement.

3. In the event the Multibank Agreement terminates or expires prior to the termination or expiration of this Facility, the provisions of Articles V, VI and VII thereof (excluding Section 6.12) shall nevertheless survive as between Borrower and Bank with respect to this Facility and shall continue in effect (as in effect on the date of such termination or expiration) until this Facility terminates or expires.

4. Borrower acknowledges that any amount outstanding under the Credit Line Note is included within the definition of "Indebtedness" under the Multibank Agreement.

5. Borrower shall pay to Bank a non-refundable commitment fee for this Facility, on the average unused amount of the Facility, for the period of time during which Borrower is a Sweep Service Customer. Such fee shall be payable in arrears in quarterly installments on the last day of each March, June, September, and December, and on the last day when Borrower is a Sweep Service Customer, to be computed at the rate per annum equal to (i) 0.30% if the Consolidated Leverage Ratio is greater than 2.25:1.00, (ii) 0.25% if the Consolidated Leverage Ratio is less than or equal to 2.25:1.00 but greater than 1.75:1.00, (iii) 0.20% if the Consolidated Leverage Ratio is less than or equal to 1.75:1.00 but greater than 1.25:1.00, and (iv) 0.15% if the Consolidated Leverage Ratio is less than or equal to 1.25:1.00.

6. This Facility letter will be governed by the laws of the State of California.

Enclosed is the original Credit Line Note and a copy of this Facility letter together with an Authorization to Pay Proceeds of Note and Loan Disbursement Instructions, and any other contract, instrument or document Bank requires to be executed and delivered in connection with this Facility (each a "Loan Document"). The Borrower's executing the Loan Documents and returning them to Bank together with an appropriate corporate resolution and incumbency certificate acceptable to Bank constitutes its agreement to the terms and conditions of this Facility.

To the extent permitted by law, in connection with any claim, cause of action, proceeding or other dispute concerning the loan documents (each a "Claim"), the parties to this Facility letter expressly, intentionally, and deliberately waive any right each may otherwise have to trial by jury. In the event that the waiver of jury trial set forth in the previous sentence is not enforceable under the law applicable to this Facility letter, the parties to this Facility letter agree that any Claim, including any question of law or fact relating thereto, shall, at the written request of any party, be determined by judicial reference pursuant to the state law applicable to this Facility letter. The parties shall select a single neutral referee, who shall be a retired state or federal judge. In the event that the parties cannot agree upon a referee, the court shall appoint the referee. The referee shall report a statement of decision to the court. Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral or obtain provisional remedies. The parties shall bear the fees and expenses of the referee equally, unless the referee orders otherwise. The referee shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph. The parties acknowledge that if a referee is selected to determine the Claims, then the Claims will not be decided by a jury.

This offer expires on July 31, 2008 unless the executed Loan Documents and the corporate resolution and incumbency certificate are returned to the Bank by then. If the Effective Date has not occurred by July 31, 2008 this Facility letter and the Credit Line Note shall terminate and be of no further force and effect on such date.

We look forward to continuing to serve you.

Yours truly,

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Henry G. Montgomery III
Henry G. Montgomery III
Vice President

Accepted And Agreed as of June 26, 2008:

MCGRATH RENTCORP, a
California Corporation

By: /s/ Keith E. Pratt
Keith E. Pratt
Senior Vice President and Chief
Financial Officer

CREDIT LINE NOTE

Borrower Name
MCGRATH RENTCORP, a California corporation

Borrower Address
5700 Las Positas Road
Livermore, California 94551

Office	Loan Number
East Bay Corporate	_____
Banking	Amount
_____	\$5,000,000
Maturity Date	
May 14, 2013	

\$5,000,000

June 26, 2008

FOR VALUE RECEIVED, on May 14, 2013, the undersigned ("**Borrower**") promises to pay to the order of **UNION BANK OF CALIFORNIA, N.A.** ("**Bank**"), as indicated below, the principal sum of Five Million Dollars (\$5,000,000), or so much thereof as is disbursed, together with interest on the balance of such principal sum from time to time outstanding, at a per annum rate equal to the Reference Rate plus the Applicable Margin, such per annum rate to change as and when the Reference Rate shall change. Amounts borrowed hereunder may be repaid and reborrowed. Borrower may at any time prepay amounts borrowed hereunder (including in connection with any termination by Borrower of the Sweep Service as defined in the Facility Letter referred to below) without penalty or premium.

As used herein, the term "**Applicable Margin**" shall mean (i) 0.25% per annum from the date of this note to but excluding the date of any change in such interest rate margin required by a change in the Consolidated Leverage Ratio as provided for in this definition, (ii) 0.75% per annum, effective on the first day of the month following the month in which Bank receives a financial statement from Borrower demonstrating a Consolidated Leverage Ratio greater than 2.25:1.00, (iii) 0.50% per annum, effective on the first day of the month following the month in which Bank receives a financial statement from Borrower demonstrating a Consolidated Leverage Ratio less than or equal to 2.25:1.00 but greater than 1.75:1.00, (iv) 0.25% per annum, effective on the first day of the month following the month in which Bank receives a Financial Statement from Borrower demonstrating a Consolidated Leverage Ratio less than or equal to 1.75:1.00 but greater than 1.25:1.00, and (v) 0.00% per annum, effective on the first day of the month following the month in which Bank receives a financial statement from Borrower demonstrating a Consolidated Leverage Ratio less than or equal to 1.25:1.00; provided, however, that if Borrower fails to deliver any financial statement to the Bank within the required time period set forth for delivery of financial statements to the Administrative Agent under and as defined in the Multibank Agreement (as defined in that certain facility letter between Borrower and Bank dated as of June 25, 2008 ("**Facility Letter**")), then the Consolidated Leverage Ratio for the fiscal quarter covered thereby shall be deemed to be greater than 2.25:1.00 until such financial statement is delivered to the Bank.

As used herein, the term "**Reference Rate**" shall mean the rate announced by Bank from time to time at its corporate headquarters as its "**Reference Rate**." The Reference Rate is an index rate determined by Bank from time to time as a means of pricing certain extensions of credit and is neither directly tied to any external rate of interest or index nor necessarily the lowest rate of interest charged by Bank at any given time.

All computations of interest under this note shall be made on the basis of a year of 360 days, for actual days elapsed.

1. PAYMENTS.

1.1 INTEREST PAYMENTS. Borrower shall pay interest on the last day of each quarter commencing on the first such date to occur after the first advance under this note. Should interest not be so paid, it shall become a part of the principal and thereafter bear interest as herein provided.

1.2 PRINCIPAL PAYMENTS. All principal outstanding on this note is due and payable on the earlier of May 14, 2013 and any accelerated maturity date pursuant to Section 3.

Borrower shall pay all amounts due under this note in lawful money of the United States to Bank at P.O. Box 30115, Los Angeles, CA 90030-0115, or such other office as may be designated by Bank, from time to time.

2. INTEREST RATE FOLLOWING EVENT OF DEFAULT. While any Event of Default is continuing, at the option of Bank, and to the extent permitted by law, interest shall be payable on the outstanding principal under this note at a per annum rate equal to two percent (2%) in excess of the interest rate specified in the initial paragraph of this note, calculated from the date of such Event of Default until the earlier of (a) the date of discontinuance of such Event of Default and (b) the date on which all amounts payable under this note are paid in full.

3. EVENTS OF DEFAULT AND ACCELERATION OF TIME FOR PAYMENT. Each of the following shall constitute an "Event of Default": (a) the failure of Borrower to make any payment required under this note when due; (b) any breach by Borrower, any guarantor, co-maker endorser, or any person or entity other than Borrower providing security for this note (hereinafter individually and collectively referred to as the "Obligor") in any material respect of any of its material obligations under the Facility Letter or any security agreement or guaranty of this note, which breach shall remain unremedied for 30 days after notice; (c) any representation of any Obligor hereunder, or under any security agreement or guaranty for this note, shall prove to have been false in any material respect when made; (d) the occurrence of any "Event of Default" under the Multibank Agreement, provided that any waiver of any Event of Default under the Multibank Agreement will only be effective for purposes of this clause (d) if the Bank consents in writing; (e) the insolvency of any Obligor or the failure of such Obligor generally to pay such Obligor's debts as such debts become due; (f) the commencement as to any Obligor of any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief; (g) the assignment by any Obligor for the benefit of such Obligor's creditors; (h) the appointment, or commencement of any proceedings for the appointment, of a receiver, trustee custodian or similar official for all or substantially all of any Obligor's property, which is not dismissed within 60 days; and (i) the commencement of any proceeding for the dissolution or liquidation of any Obligor, which is not dismissed within 60 days. During the continuance of any Event of Default, Bank may declare, in its discretion, all obligations under this note immediately due and payable; however, upon the occurrence of an event of default under e, f, g, h or i all principal and interest shall automatically become immediately due and payable.

4. ADDITIONAL AGREEMENTS OF BORROWER. If any amounts owing under this note are not paid when due, Borrower promises to pay all costs and expenses, including reasonable attorneys' fees, incurred by Bank in the collection or enforcement of this note. Borrower and any endorsers of this note for the maximum period of time and the full extent permitted by law (a) waive diligence, presentment, demand, notice of nonpayment, protest, notice of protest, and notice of every kind; (b) waive the right to assert the defense of any statute of limitations to any debt or obligation hereunder; and (c) consent to renewals and extensions of time for the payment of any amounts due under this note. The receipt of any check or other item of payment by Bank, at its option, shall not be considered a payment on account until such check or other item of payment is honored when presented for payment at the drawee bank. Bank may delay the credit of such payment based upon Bank's schedule of funds availability, and interest under this note shall accrue until the funds are deemed collected. In any action brought under or arising out of this note, Borrower and any endorser of this note, including their successors and assigns, hereby consents to the jurisdiction of any competent court within the State of California, except as provided in any alternative dispute resolution agreement executed between Borrower and Bank, and consents to service of process by any means authorized by said state law. The term "Bank" includes, without limitation, any holder of this note. This note shall be construed in accordance with and governed by the laws of the State of California.

This note is subject to the terms of the Facility Letter between Borrower and Bank executed in connection herewith but in the event of any conflict between the terms of such Facility Letter and this note the terms of this note shall prevail.

MCGRATH RENTCORP, a California corporation

By: /s/ Keith E. Pratt

Keith E. Pratt
Senior Vice President and
Chief Financial Officer