

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): **March 30, 2015**

**Shepherd's Finance, LLC**

(Exact name of registrant as specified in its charter)

Commission File Number: **333-181360**

**DELAWARE**

(State or other jurisdiction of incorporation)

**36-4608739**

(IRS Employer Identification No.)

**12627 San Jose Blvd., Suite 203, Jacksonville, FL 32223**

(Address of principal executive offices, including zip code)

**302-752-2688**

(Registrant's telephone number, including area code)

**None**

(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))
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**Item 1.01. Entry into Material Definitive Agreement**

On March 30, 2015, Shepherd's Finance, LLC (the "Registrant") entered into Amendment No. 2 to the Amended and Restated Limited Liability Company Agreement (the "Amendment") to provide for the election of an additional independent manager to the Registrant's Board of Managers (the "Board"). The Amendment provides that the Board must consist of at least four (4) Managers, a majority of whom must be considered "Independent Managers" according to the terms of the Amendment. The Amendment also allows either the Board or Members holding a majority of the votes eligible to be cast by outstanding Voting Units to increase or decrease the size of the Board. The Board or any Member may propose a nominee to fill any vacancies created by an increase in the size of the Board, and the election of a nominee to fill such vacancy requires the action of Members holding at least a majority of the votes eligible to be cast by the then-outstanding Voting Units.

The preceding description is qualified in its entirety by the Amendment attached hereto as Exhibit 10.1 to this Current Report on Form 8-K.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

On March 30, 2015, in connection with the expansion of the size of the Board from three Managers to four, the Voting Members of the Registrant elected Eric A. Rauscher as a Manager, effective as of March 30, 2015. Mr. Rauscher will initially serve a one-year term.

Mr. Rauscher has been employed as a licensed insurance sales person with MassMutual Financial Group since 1999. Prior to that, he spent over ten years as a field sales engineer for Square D Company. He graduated from Case Western Reserve University with a B.S. in Electrical Engineering and Applied Physics, with a minor in Economics.

Mr. Rauscher has invested \$500,000 in principal amount of the Company's Fixed Rate Subordinated Notes, and his father has invested has invested \$186,000 in principal amount of the Company's Fixed Rate Subordinated Notes. There are no other transactions or relationships between Mr. Rauscher and the Registrant that are reportable under Item 404(a) of Regulation S-K. Additionally, there is no arrangement or understanding between Mr. Rauscher and any other persons pursuant to which he was elected as a Manager of the Registrant.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits.

10.1 Amendment No. 2 to the Amended and Restated Limited Liability Company Agreement of Shepherd's Finance, LLC

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**Signature(s)**

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.

**SHEPHERD'S FINANCE, LLC**

Date: March 30, 2015

By: /s/ Daniel M. Wallach  
Daniel M. Wallach  
Chief Executive Officer and Manager

**AMENDMENT NO. 2 TO THE AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT  
OF  
SHEPHERD'S FINANCE, LLC**

In accordance with Section 14.09 of the Amended and Restated Limited Liability Company Agreement, as amended (the "Operating Agreement"), of Shepherd's Finance, LLC (the "Company"), effective as of March 30, 2015, the Operating Agreement is hereby amended by this Amendment No. 2 thereto (this "Amendment"). Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Operating Agreement.

WHEREAS, a the Company and Members holding at least 60% of the outstanding Voting Units desire to amend the Operating Agreement to provide for the ability to appoint an additional Independent Manager to the Company's Board

NOW THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Amendment to Operating Agreement

Section 8.2 of the Operating Agreement shall be deleted in its entirety and replaced with the following:

**Section 8.02 Board Composition; Vacancies.**

(a) The Company and the Members shall take such actions as may be required to ensure that the Board at all times consists of at least four (4) Managers. Daniel M. Wallach, Kenneth Summers, Bill Myrick, and Eric Rauscher are designated as the current Managers. Daniel Wallach and Eric Rauscher are to serve terms of one year, and Kenneth Summers and Bill Myrick are to serve terms of two years and three years, respectively. Following such terms, the Managers shall be elected by the Voting Members to three-year staggered terms in accordance with this **Section 8.02**. The Board or Members holding at least a majority of the votes eligible to be cast by the then-outstanding Voting Units may increase or decrease the number of Managers from time to time, provided that no such decrease would terminate or shorten the term of office of any Manager then in office. At all times, a majority of the Managers must be persons who are not Members or Affiliates of any of the Members (the "**Independent Managers**").

(b) In the event that a vacancy is created on the Board at any time due to the death, Disability, retirement, resignation or removal of a Manager, or increase in the number of Managers, the Board or any Member may propose a nominee to fill such vacancy, with the election of a nominee to fill a vacancy requiring the action of Members holding at least a majority of the votes eligible to be cast by the then-outstanding Voting Units. The Company and each Member hereby agree to take such actions as may be required to ensure the election of a person to fill such vacancy on the Board.

Continuation of Operating Agreement

The Operating Agreement and this Amendment shall be read together and shall have the same force and effect as if the provisions of the Operating Agreement and this Amendment were contained in one document. Any provisions of the Operating Agreement not amended by this Amendment shall remain in full force and effect as provided in the Operating Agreement immediately prior to the date hereof. In the event of a conflict between the provisions of this Amendment and the Operating Agreement, the provisions of this Amendment shall control.

*[Signature Page Follows.]*

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Operating Agreement as of the 30 day of March, 2015.

**The Company:**

Shepherd's Finance, LLC

By: /s/ Daniel M. Wallach  
Name: Daniel M. Wallach  
Title: Chief Executive Officer

**The Members:**

Daniel M. Wallach and Joyce S. Wallach

By: /s/ Daniel M. Wallach  
Name: Daniel M. Wallach

By: /s/ Joyce S. Wallach  
Name: Joyce S. Wallach

2007 Daniel M. Wallach Legacy Trust

By: /s/ Daniel M. Wallach  
Name: Daniel M. Wallach  
Title: Trustee