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**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): April 13, 2018

**Shepherd's Finance, LLC**  
(Exact name of registrant as specified in its charter)

Commission File Number: 333-203707

Delaware  
(State or other jurisdiction  
of incorporation)

36-4608739  
(IRS Employer  
Identification No.)

13241 Bartram Park Blvd., Suite 2401, Jacksonville, Florida 32258  
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (17 CFR 230.405) or Rule 12b-2 of the Exchange Act (17 CFR 240.12b-2). 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.

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

As previously disclosed, on October 23, 2017, Shepherd's Finance, LLC (the "Company") entered into a Line of Credit Agreement (the "LOC Agreement") with Paul Swanson (the "Lender"). Pursuant to the LOC Agreement, the Lender provided the Company with a revolving line of credit (the "Line of Credit"). The Company and the Lender entered into a Master Loan Modification Agreement which modified the LOC Agreement (the "Modification Agreement") and is effective and enforceable by the Registrant as of April 13, 2018. The Modification Agreement increased the maximum borrowing amount under the Line of Credit from \$4,000,000 to \$7,000,000. If the Lender elects not to renew the Modification Agreement, the Lender must give the Company written notice at least 120 days before the expiration date of the then current term. If the Lender provides such written notice, the Company must repay \$4,000,000 of the Line of Credit by the expiration date, and must repay the remaining balance on the Line of Credit by 120 days after the expiration date. The Company's obligation to repay the Line of Credit is evidenced by two Modified Promissory Notes from the Company (the "Promissory Notes"), one dated April 12, 2018 and evidencing a promise to repay the secured portion of the Line of Credit (the "Secured Promissory Note"), and the other dated April 13, 2018 and evidencing a promise to repay the unsecured portion of the Line of Credit (the "Unsecured Promissory Note"). The Modification Agreement did not affect the other terms of the LOC Agreement.

The descriptions of the Modification Agreement and the Promissory Notes above are qualified in their entirety by the Modification Agreement, the Unsecured Promissory Note, and the Secured Promissory Note attached as Exhibits 10.1, 10.2, and 10.3, respectively, to this Current Report on Form 8-K. Copies of the Modification Agreement, the Unsecured Promissory Note, and the Secured Promissory Note are filed as Exhibits 10.1, 10.2, and 10.3, respectively, to this Current Report on Form 8-K and are incorporated herein solely for purposes of this Item 1.01 disclosure.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

- 10.1 [Modification Agreement between the Company and the Lender effective as of April 13, 2018](#)
  - 10.2 [Unsecured Promissory Note from the Company to the Lender dated as of October 23, 2017 and April 12, 2018](#)
  - 10.3 [Secured Promissory Note from the Company to the Lender dated as of October 23, 2017 and April 13, 2018](#)
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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: April 18, 2018

By: /s/ Daniel M. Wallach

Daniel M. Wallach  
Chief Executive Officer and Manager

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**MASTER LOAN MODIFICATION AGREEMENT**

THIS AGREEMENT, Made and entered into as of this 11th day of April, 2018, by and between **SHEPHERD'S FINANCE, LLC**, a Delaware limited liability company, having an address at 12627 San Jose Blvd., Suite 203, Jacksonville, FL 32223 (the "Borrower"), and **PAUL SWANSON** (the "Lender").

**RECITALS:**

- (a) Borrower executed a promissory note in the principal amount not to exceed **\$4,000,000.00**, payable to the order of the Lender (the "Note"), and a Line of Credit Agreement (the "Credit Agreement"), both dated **October 23, 2017**.
- (b) All terms that are used herein shall have the same definitions provided in the Credit Agreement unless otherwise indicated.
- (c) The Borrower desires to increase the amount of the Note and Line of Credit from \$4,000,000 to \$7,000,000 and Lender is agreeable to such increase in the amount.
- (d) The parties desire to memorialize their agreement regarding the modification of the Note and Credit Agreement by this Agreement.

**THEREFORE, WITNESSETH**, that for and in consideration of the premises and the mutual agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender hereby agree as follows:

- 1. All of the recitals set forth hereinabove are true and accurate.
  - 2. Effective upon the execution of a Modified Promissory Note dated of even date herewith, Lender agrees to make a revolving line of credit available to Borrower in the aggregate original principal amount not to exceed **SEVEN MILLION and 00/100 DOLLARS (\$7,000,000.00)** rather than **FOUR MILLION and 00/100 DOLLARS (\$4,000,000.00)**.
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3. Section 2.01 (b) of the Credit Agreement is hereby replaced with the following:

(b) Term of Agreement. Lender's commitments under this Agreement will expire on the then current Expiration Date, unless Lender, after a review of Borrower's performance under this Agreement, elects to renew its commitments for one or more additional FIFTEEN (15) MONTH periods. **IN THE EVENT LENDER ELECTS NOT TO RENEW THIS AGREEMENT, LENDER MUST GIVE WRITTEN NOTICE TO BORROWER AT LEAST 120 DAYS BEFORE THE EXPIRATION DATE OF THE THEN CURRENT TERM and such non-renewal shall apply to **FOUR MILLION and 00/100 DOLLARS (\$4,000,000.00)** of the **SEVEN MILLION and 00/100 DOLLARS (\$7,000,000.00)** Line of Credit as of the Expiration Date and then **120 DAYS AFTER** the Expiration Date the balance of the Line of Credit. If no notice is given at least ONE HUNDRED TWENTY (120) DAYS before the Expiration Date of the then current term, this Agreement will be renewed and the Expiration Date shall be automatically extended an additional FIFTEEN (15) MONTHS, on the same terms and conditions hereof. However, Borrower's representations, warranties and agreements shall remain in full force and effect so long as any Debt is outstanding. Borrower shall have the right to terminate the line of credit if Borrower gives Lender Notice of its intention to terminate the line of credit at least SIXTY (60) DAYS prior to the original expiration or any renewal thereof.**

4. All provisions of the Note and Credit Agreement and all other Loan Documents securing, evidencing or otherwise pertaining thereto that are inconsistent with this Agreement are hereby amended accordingly.

5. Except as amended by the terms of this Agreement, the Credit Agreement, Note and all other Loan Documents, as previously amended, shall remain in full force and effect in accordance with their respective terms, as amended.

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WITNESS the following signatures as of the date first above written.

Borrower:

**SHEPHERD'S FINANCE, LLC**

By: /s/ Daniel M. Wallach

Daniel M. Wallach

Its: Chief Executive Officer

Lender:

/s/ Paul Swanson

**PAUL SWANSON**

This instrument was prepared by R. Scott Summers, P.L.L.C.,  
P.O. Box 842, Morgantown, West Virginia 26507-0842.

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**MODIFIED PROMISSORY NOTE**

FOR VALUE RECEIVED, the undersigned, SHEPHERD'S FINANCE, LLC, a Florida limited liability company ("Borrower") with an office at 13241 Bartram Park Boulevard, Suite 2401, Jacksonville, Florida 32258, promises to pay to the order of Paul Swanson, ("Lender"), with an address at 128 Sota Drive, Jupiter, Florida 33458, or at such other place or places as Lender from time to time may designate in writing, the principal sum of **Four Million Dollars and No Cents (\$4,000,000.00)**, or if different from such amount, the unpaid principal balance of this Note, in lawful money of the United States, together with accrued interest thereon at the rate and times hereinafter provided, calculated on the principal balance of this Note from time to time outstanding.

1. Background. Borrower and Lender have entered into a secured line of credit for \$7,000,000. The borrowing base for that line of credit may not have \$7,000,000 of collateral at any time during the life of this unsecured note. Lender and Borrower both wish to have the \$7,000,000 be an outstanding debt from Borrower to Lender, so during the life of this unsecured note, the positive difference between \$7,000,000 and the borrowing base amount (up to \$4,000,000) shall be an unsecured borrowing under this promissory note.

2. Payment of Principal and Interest. Beginning on the date hereof, interest will accrue on the principal sum outstanding, and from time to time outstanding, at a rate equal to ten percent (10.0%) per annum, based upon actual days outstanding and a 365/366 day year ("Rate"). Interest will be earned daily and payable to Lender monthly. The first payment shall be due on the 1<sup>st</sup> day of the month following the date of this Note, and on the 1<sup>st</sup> day of each and every month thereafter during the term of this Note; except that if the first payment would be due within ten (10) days of the date of this Note then in such case the first payment shall not be due until the 1<sup>st</sup> day of the following month. The outstanding principal balance together with all accrued and unpaid interest shall be due and payable on December 31, 2018 ("Maturity Date"). All payments of principal and interest shall be made in lawful currency of the United States of America, which shall be legal tender in payment of all debts, public and private, at the time of payment. This Note maybe prepaid in whole or in part at any time without fee, premium or penalty. If the borrowing base on the secured portion of this relationship drops during the life of this promissory note, the balance on this unsecured promissory note will increase so that the balance of principal on this note is \$7,000,000 minus the borrowing base amount.

3. Subordination of Note. This Note is subordinated, in all rights to payment and in all other respects, to Senior Debt. "Senior Debt" shall mean (a) all Debt (present or future) created, incurred, assumed or guaranteed by Borrower (and all renewals, extensions or refundings thereof), except such Debt that by its terms expressly provides that such Debt is not senior or superior in right of payment to Borrower's fixed rate subordinated notes, ("Subordinate Notes") and (b) all Debt of Borrower obtained from affiliates of Borrower (which shall mean entities having common ownership and control as Borrower). Notwithstanding anything herein to the contrary, Senior Debt shall not include Debt of Borrower to any of its subsidiaries or under the Subordinate Notes. For purposes of this Note, "Debt" means any indebtedness, contingent or otherwise, in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of Borrower or only to a portion thereof), or evidenced by bonds, notes, debentures or similar instruments or letters of credit, or representing the balance deferred and unpaid on the purchase price of any property or interest therein, except any such balance that constitutes a trade payable, and shall include any guarantee of any indebtedness described above.

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4. Superiority of Note. This note is senior to, in all rights to payment and in all other respects, the Subordinate Notes.

5. Default. The occurrence of any one or more of the following events shall constitute an event of default (“Event of Default”) under this Note:

(a) Any failure to make any payment due under this Note within ten (10) days of the due date of such payment;

(b) Borrower fails to comply with any term, obligation, covenant, condition, agreement or duty contained in this Note or any related document;

(c) Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower’s behalf under this Note or any of the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter; and

(d) Borrower shall admit in writing its inability to pay its debts as they become due, or shall seek or consent to, or acquiesce in, the appointment of any trustee or receiver of the Borrower or of all or any substantial part of its properties and assets;

(e) The appointment of a receiver, trustee or similar officer for Borrower and the continuance in effect of such appointment without stay for thirty (30) days; the commencement of any proceedings under the United States Bankruptcy Code, as amended from time to time (the “Bankruptcy Code”), or any insolvency law by or the consent of Borrower for its reorganization, or other relief, or the commencement of any proceedings under the Bankruptcy Code, or any insolvency law against Borrower if such proceedings are judicially approved as properly instituted or shall remain undismissed for thirty (30) days; the dissolution or termination of existence, or insolvency or business failure of Borrower; or the making by Borrower of an assignment for the benefit of creditors; or the application by Borrower for, or its consent to, the appointment of a receiver, trustee or similar officer for it or for any substantial part of its property.

6. Acceleration. Upon the occurrence of an Event of Default hereunder Lender may declare the then outstanding principal and all accrued but unpaid interest immediately due and payable and upon acceleration and thereafter this Note shall continue to bear interest at the Rate until all indebtedness evidenced hereby has been paid in full. Further, in the event of such acceleration, the Note, and all other indebtedness of Borrower to Lender arising out of or in connection with the Note, shall become immediately due and payable, without presentation, demand, protest or notice of any kind, all of which are hereby waived by Borrower.

7. Late Charges. Should Borrower fail to pay the installments of interest or principal ten (10) days from the date they shall become due, then Borrower further promises to pay a late payment charge equal to five percent (5%) of the amount of the unpaid installment as liquidated compensation to Lender for the extra expense to Lender to process and administer the late payment, Borrower agreeing, by execution hereof, that any other measure of compensation for a late payment is speculative and impossible to compute. Imposition of late charges shall not be deemed a waiver of any right or remedy of Lender, including without limitation, acceleration of this Note.

8. Default Interest Rate. From and after the occurrence and during the continuation of any Event of Default, at the Lender’s sole option, the entire unpaid principal balance of the Note and any other sums owing under this Note shall bear interest until paid at a rate equal to the lesser of (i) fifteen percent (15%) per annum or (ii) the maximum interest rate permitted by applicable law (“Default Rate”).

9. Application of Payments. All sums received by Lender for application to the indebtedness evidenced by this Note may be applied by Lender to late charges, expenses, costs, interest, principal, and other amounts owing to Lender in connection with this Note in the order selected by Lender in its sole discretion.



10. Expenses. In the event that it becomes necessary for either Borrower or Lender to arbitrate, litigate or commence any action in order to enforce its rights under the terms of this Note then, which shall include collection of any delinquent payment due under this Note whether legal action has commenced or not, and in that event, the prevailing party shall be entitled to recover reasonable attorney's fees, paralegals' fees, legal assistants' fees, costs and expenses, through all arbitration, trial and appellate levels or as the result of Lender's collection of any delinquent payment due under this Note whether legal action has commenced or not.

11. No Recourse. No member, manager, director, officer, employee or stockholder, individually, of Borrower shall have any liability for any obligations of Borrower under this Note or for any claim based on, or in respect of, such obligations or their creation.

12. Waiver. All persons now or at any time liable for payment of this Note, whether directly or indirectly, including without limitation any guarantor, hereby waive presentment, demand for payment, protest, notice of protest and dishonor. The undersigned expressly consents to any extensions and renewals, in whole or in part, to any release of any collateral security or portions thereof, given to secure this Note, and all delays in time of payment or other performance which Lender may grant, in its sole discretion, at any time and from time to time without limitation all without any notice or further consent of Borrower and any such grant by Lender shall not be deemed a waiver of any subsequent delay or any of Lender's rights hereunder.

13. Usury. In no event shall this or any other provision herein permit the collection of any interest, which is usurious under the law governing this transaction. If any such interest in excess of the maximum rate allowable under applicable law has been collected, Borrower agrees that the amount of interest collected above the maximum rate permitted by applicable law, together with interest thereon at the rate required by applicable law, shall be refunded to Borrower, and Borrower agrees to accept such refund, or, at Borrower's option, such refund shall be applied as a principal payment hereunder.

14. Modification. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, changes, modifications, or discharges is sought.

15. Applicable Law. This Note shall be governed by and construed in accordance with the laws of the State of Florida. Venue for all actions taken under or relating to this Note shall be exclusively in Palm Beach County, Florida.

16. Notices. All notices, demands and other communications by Borrower to Lender or Lender to Borrower shall be in writing and shall be delivered by certified or registered mail, return receipt requested, postage prepaid, or by a reputable internationally recognized overnight delivery service and addressed to the other party as set forth below.

If to Lender: PAUL SWANSON  
128 Sota Drive  
Jupiter, Florida 33458

If to Borrower: SHEPHERD'S FINANCE, LLC  
13241 Bartram Park Blvd., Suite 2401  
Jacksonville, Florida 32258  
Attn: Daniel M. Wallach

or to such other addresses of which notice is given in the same manner.

17. Successors and Assigns. As used herein, the terms "Borrower" and "Lender" shall be deemed to include their respective heirs, personal representatives, successors and assigns.

18. Documentary Stamps. Borrower shall pay any and all documentary stamps and/or intangible taxes and all interest and penalties associated therewith which may be assessed on account of the executions of this Note. In the event Borrower fails to pay such sums, Lender or its assigns may, at its option, pay such taxes and/or documentary stamps. Any such payment by Lender or its assigns shall be added to the Note and shall bear interest from the date advanced to the date of recovery at the maximum rate permissible under Florida law. If Borrower fails to pay any and all documentary stamps and/or intangible taxes and any interest or penalties associated therewith which may be assessed on account of the execution and/or recording of this Note, it shall be deemed to be an Event of Default under the terms hereof and shall immediately accelerate the principal balance due hereunder, together with accrued interest. The Borrower shall have the right to contest the foregoing charges.

19. **WAIVER OF JURY TRIAL**. LENDER, BY ACCEPTANCE OF THIS NOTE, AND BORROWER, HEREBY KNOWINGLY, VOLUNTARILY IRREVOCABLY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE AND ANY DOCUMENT EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OR CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY.

20. Time is of the essence with respect to the terms of this Note.

In witness whereof, Borrower has caused this Note to be dully executed as of the day and year first above written.

BORROWER:

SHEPHERD'S FINANCE, LLC, a Florida limited liability company

By: /s/ Daniel M. Wallach

Daniel M. Wallach, CEO

**MODSIFIED PROMISSORY NOTE**  
(Revolving Line of Credit)

**\$7,000,000.00**

**Jacksonville, Florida**  
**October 23, 2017 and**  
**April 12, 2018**

FOR VALUE RECEIVED, the undersigned, **SHEPHERD'S FINANCE, LLC**, a Delaware limited liability company, having an address at 12627 San Jose Blvd., Suite 203, Jacksonville, FL 32223 (the "Borrower"), does hereby promise to pay to the order of **PAUL SWANSON** (the "Lender"), at Lender's address of 128 Sota Drive, Jupiter, Florida 33458, the principal sum of **SEVEN MILLION AND 00/100 DOLLARS (\$7,000,000.00)** (the "Loan"), or such lesser amount as may be advanced by the Lender pursuant to that certain line of credit agreement dated October \_\_\_\_, 2017, by and between the Borrower and the Lender (the "Loan Agreement"), together with interest on the unpaid principal balances outstanding from time to time computed on the basis of a year of 360 days, payable for the actual number of days in the payment period. The Lender's commitment to make Loan Advances on this Note shall expire **30 days prior to the Expiration Date** (as defined in the Loan Agreement), unless renewed and extended as set forth in the Loan Agreement. Capitalized terms used herein and not defined shall have the definitions set forth in the Loan Agreement.

1. Payments.

(a) Interest will be due in arrears on a monthly basis, based upon the amount of principal outstanding under the Loan, commencing on the 1st day of the month following the first Loan Advance.

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(b) Loan Advances secured by a Collateral Loan (as defined in the Loan Agreement) shall be repaid unless Borrower supplies a Borrowing Base Certificate showing that no payment is required to remain in compliance: (i) in full within 5 business days of a Collateral Property Disposition (as defined in the Loan Agreement), (ii) within 5 business days of receiving a principal reduction payment on a Collateral Loan securing the Loan in the amount equal to 67% of the amount of such principal reduction payment, or (iii) in full within one year after the Collateral Loan is made by the Borrower.

(c) If not sooner paid, the principal outstanding, all unpaid accrued interest and all other sums and costs incurred by the Lender pursuant to this Note and the Loan Agreement, shall be due and payable as provided for in Section 2.01 (b) of the Loan Agreement, without notice, presentment or demand.

2. Prepayment. Borrower may prepay this Note in full or in part at any time without premium or penalty. Prepayments of the Loan may be reborrowed.

3. Interest Rate. The principal amounts outstanding on the Loan will bear interest at a fixed annual rate equal to NINE PERCENT (9%).

4. Evidence and Collateral. This Note evidences the Loan Advances made in accordance with the terms and conditions of this Note and the Loan Agreement, and payment of this Note is secured by the Collateral Assignment of Notes and Documents. This Note and the other instruments, documents and agreements securing, evidencing or otherwise pertaining to the Loan are herein collectively referred to as the "Loan Documents".

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5. Remedies. In the event default shall be made in the payment of any installment of principal or interest as and when due on this Note, or any part thereof, and such default shall continue unremedied for a period of 10 days, or if an Event of Default as defined in the Loan Agreement or Loan Documents shall have occurred and is continuing or there shall be a breach of or a default in the performance of any of the terms, conditions, warranties, covenants and agreements of any of the other Loan Documents, then, upon the expiration of any applicable grace period, the entire unpaid principal balance hereof, together with all accrued interest hereon, shall, at the option of the holder hereof, without notice, immediately become due and payable for all purposes, and the holder may exercise the rights and remedies provided for in the Loan Documents and under applicable law.

6. Applicable Law. This Note shall be governed and the rights and obligations of the parties thereto shall be construed under the laws of the State of Florida.

7. Waivers. Each party to this Note, whether as principal, endorser, guarantor, surety or otherwise, jointly and severally, waives presentment, demand, protest and notice of dishonor and agrees that extension or extensions of time of payment of this Note or any installment thereof may be made before, at or after maturity by agreement with any one or more of the parties hereto without notice to and without releasing the liability of any other party.

BORROWER:

**SHEPHERD'S FINANCE, LLC**

By: /s/ Daniel M. Wallach

Daniel M. Wallach

Its: Chief Executive Officer

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