
**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 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.

Item 7.01. Regulation FD Disclosure.

On June 13, 2018, Shepherd's Finance, LLC (the "Registrant") issued a press release discussing the Registrant's financial results for the three months ended March 31, 2018. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein solely for purposes of this Item 7.01 disclosure.

Pursuant to the rules and regulations of the Securities and Exchange Commission, the information in this Item 7.01 disclosure, including Exhibit 99.1 and information set forth therein, is deemed to have been furnished and shall not be deemed to be "filed" under the Securities Exchange Act of 1934.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Shepherd's Finance, LLC Press Release, dated June 13, 2018](#)

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: June 13, 2018

By: /s/ Daniel M. Wallach

Daniel M. Wallach
Chief Executive Officer and Manager



Shepherd's Finance, LLC Reports First Quarter 2018 Results

JACKSONVILLE, FL – June 13, 2018 (GLOBE NEWSWIRE) – Shepherd's Finance, LLC ("Shepherd's" or the "Company") announced its operating results for the first quarter ended March 31, 2018.

2018 Financial Highlights to Date

- *Earnings Growth* – Net income increased approximately \$0.1 million, or 50.2%, to \$0.3 million for the quarter ended March 31, 2018 compared to net income of approximately \$0.2 million for the quarter ended March 31, 2017.
- *Interest Income Growth* – Interest and fees on loans increased approximately \$0.7 million, or 55.6%, to approximately \$1.8 million for the quarter ended March 31, 2018 compared to interest and fees on loans of approximately \$1.2 million for the quarter ended March 31, 2017. The increase resulted from increased average loan volume.
- *Loan Growth* – Loans receivable, net increased approximately \$9.6 million, or 32.1%, to approximately \$39.7 million for the quarter ended March 31, 2018 compared to loans receivable, net of approximately \$30.0 million for the year ended December 31, 2017.

"During the first quarter of 2018 we saw substantial loan asset growth at Shepherd's Finance, which allowed for significant increases in interest income and net income" commented Daniel M. Wallach, CEO of Shepherd's Finance, LLC.

Results of Operations

- Net interest income totaled approximately \$0.9 million for the quarter ended March 31, 2018, compared to approximately \$0.6 million for the quarter ended March 31, 2017. The increase of approximately \$0.3 million resulted primarily from the increase in our weighted average outstanding loan asset balance of approximately \$14 million to approximately \$37.8 million for the quarter ended March 31, 2018, compared to approximately \$23.8 million for the quarter ended March 31, 2017.
- Non-interest expense increased approximately \$0.1 million to approximately \$0.6 million for the quarter ended March 31, 2018 compared to approximately \$0.5 million for the quarter ended March 31, 2017. The increase in non-interest expense related primarily to our payroll costs as we hired a number of new employees during the first quarter of 2018.

Balance Sheet Management

- We had approximately \$0.4 million in cash as of March 31, 2018, compared to approximately \$3.5 million as of December 31, 2017.
 - Loan receivables, net totaled approximately \$39.7 million as of March 31, 2018, compared to approximately \$30.0 million as of December 31, 2017. The increase primarily included approximately \$7.3 million in commercial loans and \$2.4 million in in real estate development loans.
 - Notes payable unsecured, net totaled approximately \$18.0 million as of March 31, 2018, compared to approximately \$16.9 million as of December 31, 2017. A significant portion of our notes payable unsecured, net was from our public notes offering, constituting approximately \$13.5 million and \$13.8 million of the total notes payable unsecured as of March 31, 2018 and December 31, 2017, respectively. We expect our notes payable unsecured balance to increase as we raise funds in our public notes offering.
 - Notes payable secured, net totaled approximately \$17.6 million as of March 31, 2018, compared to approximately \$11.6 million as of December 31, 2017.
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Notable 2018 Events to Date

- *Announcement of an Interest Rate Increase in the Subordinated Notes Program* - Shepherd's announced the following increases in interest rates for its public notes offering, effective as of June 7, 2018:

<u>Maturity (Duration)</u>	<u>Annual Interest Rate</u>	<u>Annual Effective Yield ⁽ⁱ⁾</u>	<u>Effective Yield to Maturity ⁽ⁱⁱ⁾</u>
12 Months	11%	11.57%	11.57%
26 Months	11%	11.57%	26.78%
42 Months	11%	11.57%	46.70%
48 Months	11%	11.57%	54.96%

- (i) The Annual Effective Yield is determined by taking the Annual Interest Rate as a decimal and dividing it by 12 for a monthly rate, then taking that rate plus 1 and multiplying that by itself 11 more times, then subtracting the one back off and converting back to a percentage. For instance, for an Annual Interest Rate of 11.00%, we take .11/12 which is .00917 plus 1 which is 1.00917, and then multiply 1.00917 by itself 11 more times which yields 1.1157, then subtracting off the 1, leaving .1157, and finally converting to a percentage, which gives us an Annual Effective Yield of 11.57%.
- (ii) The Effective Yield to Maturity is determined by taking the Annual Interest Rate as a decimal and dividing it by 12 for a monthly rate, then taking that rate plus 1 and multiplying that by itself by (the total number of months of the investment minus one) times, then subtracting the one back off and converting back to a percentage. For instance, for a 48 month investment with an Annual Interest Rate of 11.00%, we take .11/12 which is .00917 plus 1 which is 1.00917, and then multiply 1.00917 by itself 47 more times which yields 1.5496, then subtracting off the 1, leaving .5496, and finally converting to a percentage, which gives us an Effective Yield To Maturity of 54.96%.

About Shepherd's Finance, LLC

Shepherd's Finance, LLC is headquartered in Jacksonville, Florida and is focused on commercial lending to participants in the residential construction and development industry. As of March 31, 2018, Shepherd's Finance, LLC had approximately \$40.0 million in loan assets and had 199 construction loans in 17 states with 64 borrowers. For more information, please visit <http://shepherdsfinance.com/>.

Forward Looking Statements

This press release may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue," or other similar words. Because such statements include risks, uncertainties and contingencies, actual results may differ materially from the expectations, intentions, beliefs, plans, or predictions of the future expressed or implied by such forward-looking statements. The Company undertakes no obligation to update these statements following the date of this press release, except as required by law. In addition, the Company, through its senior management, may make from time to time forward-looking public statements concerning the matters described herein. Such forward-looking statements are necessarily estimates reflecting the best judgment of the Company's senior management based upon current information and involve a number of risks and uncertainties. Certain factors that could affect the accuracy of such forward-looking statements are identified in the public filings made by the Company with the Securities and Exchange Commission, and forward-looking statements contained in this press release or in other public statements of the Company or its senior management should be considered in light of those factors. This is neither an offer nor a solicitation to purchase securities.

Shepherd's Finance, LLC
Interim Condensed Consolidated Balance Sheets

<i>(in thousands of dollars)</i>	As of	
	March 31, 2018 (Unaudited)	December 31, 2017
Assets		
Cash and cash equivalents	\$ 380	\$ 3,478
Accrued interest receivable	966	720
Loans receivable, net	39,692	30,043
Foreclosed assets	1,079	1,036
Property, plant and equipment, net	1,033	1,020
Other assets	92	58
Total assets	\$ 43,242	\$ 36,355
Liabilities, Redeemable Preferred Equity and Members' Capital		
Liabilities		
Customer interest escrow	\$ 786	\$ 935
Accounts payable and accrued expenses	478	705
Accrued interest payable	1,373	1,353
Notes payable secured, net of deferred financing costs	17,554	11,644
Notes payable unsecured, net of deferred financing costs	18,002	16,904
Due to preferred equity member	31	31
Total liabilities	38,224	31,572
Commitments and Contingencies		
Redeemable Preferred Equity		
Series C preferred equity	\$ 1,130	\$ 1,097
Members' Capital		
Series B preferred equity	1,240	1,240
Class A common equity	2,648	2,446
Members' capital	3,888	3,686
Total liabilities, redeemable preferred equity and members' capital	\$ 43,242	\$ 36,355

Shepherd's Finance, LLC
Interim Condensed Consolidated Statements of Operations - Unaudited
For the Three Months ended March 31, 2018 and 2017

<i>(in thousands of dollars)</i>	Three Months Ended March 31,	
	2018	2017
Interest Income		
Interest and fee income on loans	\$ 1,827	\$ 1,174
Interest expense:		
Interest related to secured borrowings	411	179
Interest related to unsecured borrowings	450	367
Interest expense	<u>861</u>	<u>546</u>
Net interest income	966	628
Less: Loan loss provision	<u>40</u>	<u>11</u>
Net interest income after loan loss provision	926	617
Non-Interest Income		
Gain from foreclosure of assets	-	77
Total non-interest income	<u>-</u>	<u>77</u>
Income	926	694
Non-Interest Expense		
Selling, general and administrative	617	448
Depreciation and amortization	17	6
Impairment loss on foreclosed assets	<u>5</u>	<u>49</u>
Total non-interest expense	<u>639</u>	<u>503</u>
Net Income	<u>\$ 287</u>	<u>\$ 191</u>
Earned distribution to preferred equity holders	<u>63</u>	<u>31</u>
Net income attributable to common equity holders	<u>\$ 224</u>	<u>\$ 160</u>

Contact:

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