
**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): November 14, 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 3.02. Unregistered Sales of Equity Securities.

Sale of \$100,000 of Series C Cumulative Preferred Units

On November 14, 2018, Shepherd's Finance, LLC (the "Registrant") sold one of its Series C Cumulative Preferred Units (the "Preferred Units") to an investor for the total price of \$100,000 (such transaction, the "November 14 Sale Transaction"). The November 14 Sale Transaction was effected in a private transaction exempt from the registration requirements of the Securities Act of 1933 (the "Securities Act") under Section 4(a)(2) of the Securities Act. The November 14 Sale Transaction did not involve any public offering, was made without general solicitation or advertising, and the buyer represented to the Registrant that it was an "accredited investor" as defined under the Securities Act, with access to all relevant information necessary to evaluate the investment in the Preferred Units.

Sale of \$400,000 of Series C Cumulative Preferred Units

On November 16, 2018, the Registrant sold four of its Preferred Units to an investor for the total price of \$400,000 (such transaction, the "November 16 Sale Transaction"). The November 16 Sale Transaction was effected in a private transaction exempt from the registration requirements of the Securities Act under Section 4(a)(2) of the Securities Act. The November 16 Sale Transaction did not involve any public offering, was made without general solicitation or advertising, and the buyer represented to the Registrant that it was an "accredited investor" as defined under the Securities Act, with access to all relevant information necessary to evaluate the investment in the Preferred Units.

Item 7.01. Regulation FD Disclosure.

On November 20, 2018, the Registrant issued a press release discussing the Registrant's financial results for the three and nine months ended September 30, 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 November 20, 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: November 20, 2018

By: */s/ Daniel M. Wallach*

Daniel M. Wallach
Chief Executive Officer and Manager



Shepherd's Finance, LLC Reports Third Quarter 2018 Results

JACKSONVILLE, FL – November 20, 2018 (GLOBE NEWSWIRE) – Shepherd's Finance, LLC ("Shepherd's" or the "Company") announced its operating results for the quarter and nine months ended September 30, 2018.

2018 Financial Highlights to Date

- *Loan Growth* – Loans receivable, net increased approximately \$12.5 million, or 41.6%, to approximately \$42.5 million as of September 30, 2018 compared to approximately \$30.0 million for the year ended December 31, 2017.
- *Interest and Fee Income Growth* – Interest and fee income on loans increased approximately \$0.4 million, or 22.2%, to approximately \$2.0 million, and \$1.7 million, or 40.8%, to \$5.9 million for the quarter and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. The growth resulted from higher construction loan originations, which was offset by a loss of default rate interest income from foreclosed assets.
- *Net Income* – Net income decreased approximately \$0.2 million, or 49.8%, to \$0.2 million, and remained consistent at approximately \$0.7 million for the quarter and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. The decline in net income resulted from a loss of default rate interest income due to an increase in foreclosed assets and an increase in selling, general and administrative expenses due to an increase in salaries and related expenses.

The CEO of Shepherd's, Daniel M. Wallach, commented: "While we continued to see significant increases in loan balances, our net income in the third quarter was negatively impacted by an increase in foreclosed assets and an increase in payroll to support our loan growth. We anticipate our foreclosed assets to decrease in the fourth quarter as we have already sold one asset in during the month of November."

Results of Operations

- Net interest income remained consistent at approximately \$0.9 million for the quarter ended September 30, 2018 and increased \$0.6 million to \$2.8 million for the nine months ended September 30, 2018 compared to the same periods of 2017. The increase for the nine months ended September 30, 2018 was primarily from higher weighted average outstanding loan balances, which was partially offset by a loss of interest income and default rate interest due to an increase in foreclosed assets.
- Non-interest expense increased approximately \$0.2 million and \$0.5 million to \$0.8 million and \$2.2 million for the quarter and nine months ended September 30, 2018, respectively, compared to the same periods of 2017. The increase in non-interest expense related primarily to an increase in salaries and related expenses as the Company had 13 additional employees during the nine months ended September 30, 2018 compared to the same period of 2017.

Balance Sheet Management

- The Company had approximately \$3.3 million in cash as of September 30, 2018, compared to approximately \$3.5 million as of December 31, 2017.
 - Loans receivable, net totaled approximately \$42.5 million as of September 30, 2018, compared to approximately \$30.0 million as of December 31, 2017. The increase related primarily to approximately \$10.6 million of originations in commercial loans and \$2.2 million of originations in real estate development loans.
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- Foreclosed assets totaled approximately \$6.3 million as of September 30, 2018, compared to approximately \$1.0 million as of December 31, 2017. The increase was primarily due to the reclassification of \$4.7 million, consisting of \$4.5 million of principal from loans receivable, net and \$0.2 million of interest from accrued interest receivable to foreclosed assets on the balance sheet as of September 30, 2018. During the nine months ended September 30, 2018, the Company recorded four deeds in lieu of foreclosure. Three of the four were with a certain borrower with a completed home and two lots. The fourth was with a borrower who defaulted on a loan by failing to make interest payments.
- Notes payable unsecured, net totaled approximately \$24.8 million as of September 30, 2018, compared to approximately \$16.9 million as of December 31, 2017. A significant portion of the Company's notes payable unsecured, net was from the Company's public notes offering, constituting approximately \$18.0 million and \$14.1 million as of September 30, 2018 and December 31, 2017, respectively. The Company expects its notes payable unsecured balance to increase as the Company raises funds in our public notes offering.
- Notes payable secured, net totaled approximately \$20.3 million as of September 30, 2018, compared to approximately \$11.6 million as of December 31, 2017. The increase primarily resulted from an increase in the balances on our loan purchase and sale agreements of approximately \$7.4 million as of September 30, 2018 compared to the same period of 2017.

Notable 2018 Events to Date

- *Announcement of an Interest Rate Decrease in the Subordinated Notes Program* - Shepherd's announced the following decreases in interest rates for its public notes offering, effective as of November 16, 2018:

Maturity (Duration)	Annual Interest Rate	Annual Effective Yield ⁽ⁱ⁾	Effective Yield to Maturity ⁽ⁱⁱ⁾
12 Months	6.00%	6.17%	6.17%
26 Months	8.00%	8.30%	13.46%
42 Months	9.50%	9.92%	32.83%
48 Months	10.00%	10.47%	48.94%

(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 6.00%, we take .06/12 which is 0.005 plus 1 which is 1.005, and then multiply 1.005 by itself 11 more times which yields 1.0617, then subtracting off the 1, leaving 0.0617, and finally converting to a percentage, which gives us an Annual Effective Yield of 6.17%..

(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 10.00%, we take .10/12 which is .00833 plus 1 which is 1.00833, and then multiply 1.00833 by itself 47 more times which yields 1.4894, then subtracting off the 1, leaving 0.4894, and finally converting to a percentage, which gives us an Effective Yield To Maturity of 48.94%.

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 September 30, 2018, Shepherd's Finance, LLC had approximately \$42.5 million in loan assets and had 239 construction and development loans in 16 states with 68 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	
	September 30, 2018 (Unaudited)	December 31, 2017
Assets		
Cash and cash equivalents	\$ 3,345	\$ 3,478
Accrued interest receivable	620	720
Loans receivable, net	42,541	30,043
Foreclosed assets	6,323	1,036
Property, plant and equipment, net	1,023	1,020
Other assets	274	58
Total assets	\$ 54,126	\$ 36,355
Liabilities, Redeemable Preferred Equity and Members' Capital		
Liabilities		
Customer interest escrow	\$ 877	\$ 935
Accounts payable and accrued expenses	863	705
Accrued interest payable	1,867	1,353
Notes payable secured, net of deferred financing costs	20,338	11,644
Notes payable unsecured, net of deferred financing costs	24,847	16,904
Due to preferred equity member	32	31
Total liabilities	48,824	31,572
Commitments and Contingencies		
Redeemable Preferred Equity		
Series C preferred equity	1,426	1,097
Members' Capital		
Series B preferred equity	1,320	1,240
Class A common equity	2,556	2,446
Members' capital	3,876	3,686
Total liabilities, redeemable preferred equity and members' capital	\$ 54,126	\$ 36,355

Shepherd's Finance, LLC
Interim Condensed Consolidated Statements of Operations - Unaudited
For the Three and Nine Months ended September 30, 2018 and 2017

<i>(in thousands of dollars)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Interest Income				
Interest and fee income on loans	\$ 2,045	\$ 1,673	\$ 5,917	\$ 4,203
Interest expense:				
Interest related to secured borrowings	552	342	1,480	718
Interest related to unsecured borrowings	587	424	1,550	1,192
Interest expense	1,139	748	3,030	1,910
Net interest income	906	925	2,887	2,293
Less: Loan loss provision	2	8	61	34
Net interest income after loan loss provision	904	917	2,826	2,259
Non-Interest Income				
Gain from sale of foreclosed assets	-	-	-	77
Gain from foreclosure of assets	20	-	20	-
Total non-interest expense/income	20	-	20	77
Income	924	917	2,846	2,336
Non-Interest Expense				
Selling, general and administrative	680	525	1,988	1,423
Depreciation and amortization	23	12	61	24
Loss from sale of foreclosed assets	3	-	3	-
Loss from foreclosure of assets	47	-	47	-
Impairment loss on foreclosed assets	4	47	89	202
Total non-interest expense	757	584	2,188	1,649
Net Income	\$ 167	333	\$ 658	\$ 687
Earned distribution to preferred equity holders	69	61	199	149
Net income attributable to common equity holders	\$ 98	272	\$ 459	\$ 538