



# PSM HOLDINGS CASE STUDY

## » Littlebanc and PSM Holdings, Inc.

PSM Holdings, Inc. (OTCQB: PSMH) capitalized on the consolidative trends in the mortgage industry and embarked on a successful acquisition strategy in 2011, completing five transactions. The assimilation of the acquired companies, along with the launching of a lead generation partnership with COSTCO, enabled the company to post an impressive 247% growth in revenue from FY 2011 to FY 2012. To continue its expansion plans, PSMH needed additional capital to fund the on-boarding of additional acquisitions, further roll-out of its COSTCO partnership, and sales and marketing initiatives to support geographic expansion.



PSM Holdings, Inc. chose to work with Littlebanc to fulfill its funding needs because of Littlebanc's process-driven, professional approach that focuses on the fundamentals of a business, not the structure of the deal. Littlebanc conducted in-depth research and due diligence on PSMH to thoroughly understand the dynamic nature of the mortgage industry and the growth potential of the company.

## » Result

Littlebanc Advisors, LLC, completed a \$5.7 million Series A and B Convertible Preferred Stock financing for PSM Holdings. LB Merchant PSMH-1, LLC, an affiliate of Littlebanc Advisors, invested \$3.7 million via the Series A Convertible Preferred Stock financing; a single institutional investor purchased the \$2.0 million in Series B shares. Littlebanc Advisors acted as the sole placement agent and financial adviser in the transaction. Littlebanc's management team performed extensive financial and valuation analysis to determine the transaction structure for LB Merchant's investment in the company at the most favorable valuation possible.

LB Merchant, LLC, an affiliate of Littlebanc Advisors, LLC, is a merchant bank that invests in small, high-quality growth companies. LB Merchant takes an active approach to its portfolio companies and assists these companies in realizing their potential. Littlebanc's CEO, Michael Margolies, and Managing Director, Kevin Gadawski, will join the PSMH board of directors to provide further advice and guidance on strategic initiatives, operations, and expansion. PSMH's executive management offered the following comments on the transaction.

*"This funding is a significant milestone for the company and will allow us to pursue our growth plans with confidence."*

*-- Jeff Smith, Chairman of PSM Holdings, Inc.*

*"I am certain we have found a great partner in LB Merchant. They understand our business and will play a key role in accelerating our growth and profitability."*

*-- Ron Hanna, President and Chief Executive Officer*

## » About PSM Holdings, Inc.

PSM Holdings, Inc., through its wholly owned subsidiary, Prime Source Mortgage, Inc. (PSMI) provides mortgage brokerage and banking services across the United States. PSMI is currently licensed in fourteen states across the United States, and oversees the operations of more than 20 branches. For more information, visit <http://www.psmholdings.com>.