Crossroads Systems to Acquire Leading Small Business Lender, Fountainhead

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Crossroads Systems; Capital Plus Financial →

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DALLAS, Dec. 16, 2021 /PRNewswire/ -- **Crossroads Systems, Inc. (OTCQX: CRSS) ("Crossroads" or the "Company")**, a holding company focused on investing in businesses that promote economic vitality and community development, announced today that it has reached an agreement in principle to acquire **Fountainhead**, a leading national, non-bank, direct commercial lender specializing in business financing for small to midsize businesses.

Founded by some of the most experienced and accomplished Small Business Administration (SBA) lenders in the industry, Fountainhead finances the growth of small business borrowers, in addition to working with referral partners at community banks, credit unions, and others through their industry-leading referral program. The Fountainhead team has collectively been involved in financing over $28 billion in total projects throughout their careers by providing SBA 7(a), SBA 504, and low loan-to-value (LTV) conventional loans across all 50 states and US territories.

Fountainhead's SBA products provide capital to deserving small businesses through the SBA 7(a) program. Additionally, their SBA 504 and conventional loan programs provide low leveraged loan opportunities with up to 65% LTV first lien commercial real estate loans on owner-occupied/operated properties.

Over the past nearly two years, Fountainhead has also operated at the forefront of providing aid to support America's small businesses through the SBA's Paycheck Protection Program (PPP) effort. Since the inception of the program, Fountainhead has closed and funded nearly 300,000 PPP loans, becoming the nation's sixth most active PPP lender in 2021 alone.

"Our acquisition of Fountainhead, a national SBA and major PPP lender, allows us to further diversify our small business product mix and offer more financing solutions to even more deserving businesses across the country," said Eric Donnelly, CEO of Crossroads. "This combination, when added to our existing partnerships with Enhanced Capital Group and Rise Line Business Credit, two other leading nationwide lending firms, will enable us to capture additional SBA loan business which fit perfectly within our growing pipeline of small business opportunities. On behalf of our entire organization, I'd like to formally welcome Fountainhead to the Crossroads family."

Fountainhead Founder and CEO, Chris Hurn added: "We could not have found a better partner to help us expand our mission of providing the smartest, fastest financing possible to owners of every well-run small to mid-sized business in America. We're looking forward to working alongside the Crossroads team over the coming months and years to make that a reality."

This agreement was unanimously approved by the members of both Crossroads' and Fountainhead's Boards of Directors. The deal remains subject to the consent of and final approval by the SBA and is expected to close in the first half of 2022. Additional terms have not been disclosed.

Fountainhead is one of only 14 nonbank lenders approved to make SBA 7(a) loans under its Small Business Lending Company (SBLC) license. Additionally, Fountainhead has one of SBA's Preferred Lender Partner (PLP) designations, which roughly 10% of participating SBA lenders earn. The PLP is the highest level of approval and status that a lender can hold, offering full delegation of lending authority.

About Crossroads Systems, Inc.

Crossroads Systems, Inc. (OTCQX: **CRSS**) is a holding company focused on investing in businesses that promote economic vitality and community development. Crossroads' subsidiary, Capital Plus Financial (CPF), is a certified Community Development Financial Institution (CDFI) and Certified B-Corp, which supports Hispanic homeownership with a long-term, fixed-rate single-family mortgage product.

About Fountainhead

Fountainhead SBF and Fountainhead Commercial Capital (collectively, "Fountainhead") is a nationwide, non-bank, direct lender specializing in the SBA 7(a), SBA 504, and low LTV (<65%) conventional commercial real estate loans. More information is available at **fountainheadcc.com** or by calling 800-770-1504.

Important Cautions Regarding Forward-Looking Statements

This press release includes forward-looking statements that relate to the business and expected future events or future performance of Crossroads Systems, Inc. and Capital Plus Financial and involve known and unknown risks, uncertainties and other factors that may cause its actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as, but not limited to, "believe," "expect," "anticipate," "estimate," "intend," "plan," "targets," "likely," "will," "would," "could," and similar expressions or phrases identify forward-looking statements. Forward-looking statements include, but are not limited to, statements about Crossroads Systems' and Capital Plus Financial's ability to implement their business strategy, and their ability to achieve or maintain profitability. The future performance of Crossroads Systems and Capital Plus Financial may be adversely affected by the following risks and uncertainties: economic changes affecting homeownership in the geographies where Capital Plus Financial conducts business, developments in lending markets that may not align with Capital Plus Financial's expectations and that may affect Capital Plus Financial's plans to grow its portfolio, variations in quarterly results, developments in litigation to which we may be a party, technological change in the industry, future capital requirements, regulatory actions or delays and other factors that may cause actual results to be materially different from those described or anticipated by these forward-looking statements. For a more detailed discussion of these factors and risks, investors should review Crossroads Systems' annual and quarterly reports. Forward-looking statements in this press release are based on management's beliefs and opinions at the time the statements are made. All forward-looking statements are qualified in their entirety by this cautionary statement, and Crossroads Systems undertakes no duty to update this information to reflect future events, information or circumstances.

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