

The bridge

Don't **fence** me in
Texan Kirk Stubblefield puts
his brand on a lot more business

Commission-based loans
The appeal grows as banks tighten credit

From the files

Learn about Mark Philpott & Partners



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Winter 2008

**Editorial Director
Managing Editor**

Lisa Nordhoff
Gretchen Schmidt

Contributing Editors

Sherry Christie
Jack Appleman
Jennifer Vail
Stephen Iaconis

**Art Director
Graphic Designer**

Darrin Kagele
Scott Coventry

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If you have any questions, comments, or ideas for *the bridge* let us know. Contact us at lisa.nordhoff@oakstreetfunding.com.



Oak Street Funding

11555 North Meridian Street, Suite 390
Carmel, Indiana 46032
866.625.3863

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Letter from the President

Welcome to the bridge.

Welcome to the first issue of *the bridge* magazine, a newsbrief of ideas and views exclusively for insurance and finance professionals. I know your work keeps you busier than ever these days: busy helping customers, busy trying to keep up with the changes in this ever-morphing industry, and busy trying to grow your business despite all the obstacles that competitors, regulators and the IRS have put in the way.

That's why Oak Street Funding has created *the bridge*. In this and subsequent issues, we will be providing insightful information on the economy and industry news that will support your success.

To us at Oak Street Funding, a bridge symbolizes our ability to help you traverse the obstacles that stand between you and the success you envision. You'll see the bridge in our logo, as well as in the name of our parent company, Bridge Finance Group. Our purpose is to help you succeed.

Since Oak Street Funding pioneered the concept of commission-based lending, we have lent millions to insurance professionals, both public and private, across America. Today, we still work exclusively for you. No other industry lender can offer you our experience and expertise in the insurance industry.

Your ideas. Our money. Together, we can build a bridge to the future.

Warmest regards,

Rick Dennen
Founder, President and CEO

Oak Street Funding Vision Statement – Oak Street Funding utilizes industry knowledge, well-developed technology, and passion to deliver best-in-class service and capital products to insurance and finance professionals nationwide. Our customer-focused mindset and access to capital will allow us to continue to fulfill customer needs, identify growth opportunities, as well as provide an empowering work environment for employees.

Lending chill: Commission-based loans gain appeal

Stiffer credit standards, higher rates, and more loan denials are making it more difficult for small-business owners to borrow. In the wake of snowballing mortgage defaults, U.S. banks have tightened their purse strings. According to the *Wall Street Journal*, higher credit scores are now required to get the best interest rates. A low score can cost thousands of dollars in additional finance charges, or even prevent access to credit.

This lending chill is an unwelcome development for many insurance professionals with plans for growth. However, it hasn't cooled the pace of commission-based borrowing from the industry's premier specialized lender, Oak Street Funding.

"Insurance lending is our only business, so we haven't been hit by fallout from the subprime mortgage market," explains Rick Dennen, Founder, President, and CEO of Oak Street Funding. "We're very confident of the insurance industry's growth potential—all the more so because we believe that insurance agencies continue to be underserved by commercial banks."

Unlike many traditional lenders, who undervalue an agent's book of business or refuse it as collateral, Oak Street Funding uses sophisticated

actuarial models to generate an accurate valuation of commission streams. Personal credit is a relatively minor factor in the lending decision.

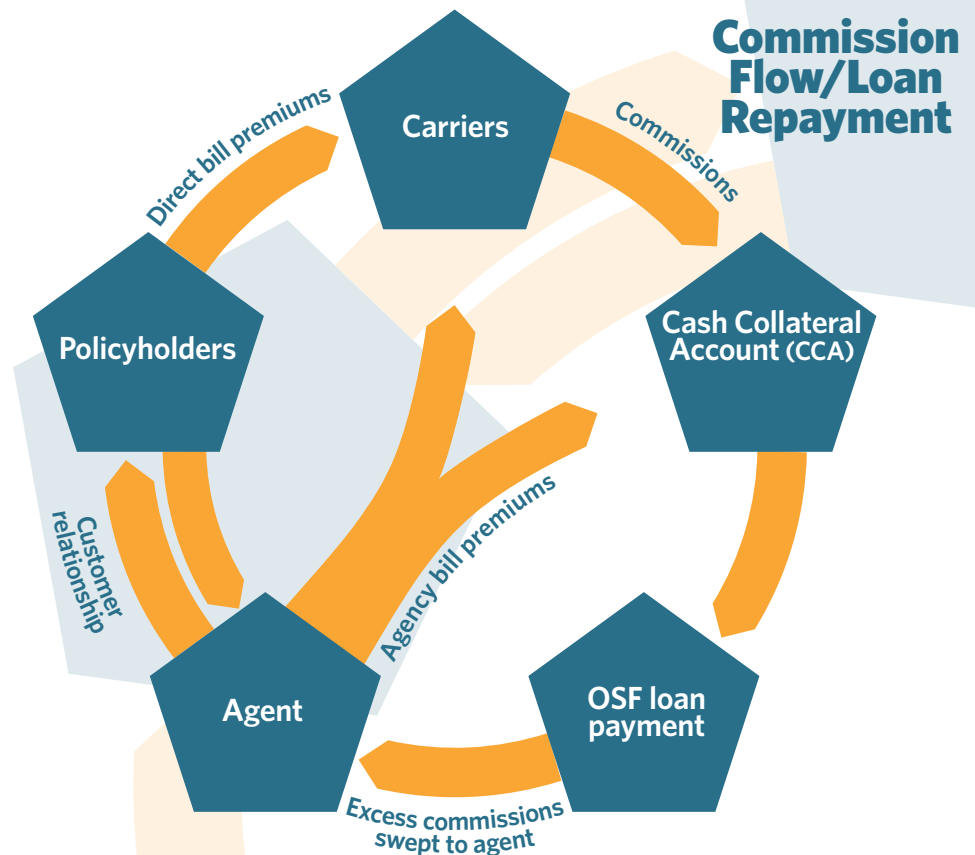
Since inception, Oak Street Funding has loaned millions to insurance professionals. Customers use the funds to hire more producers and staff, as well as for agency acquisitions, technology upgrades, marketing programs, and working capital.

Oak Street Funding manages risk with a unique, proprietary system that can quickly and precisely determine the future value of your commissions.

We'll work with you to structure the loan so that very little or no out-of-pocket cash is needed. To repay the loan, commissions from your designated book of business go directly into your Cash Collateral Account. Commissions above the required amount are channeled back to you, as are commissions from new business written to this book.

Throughout this process, Oak Street Funding has no contact with your policyholders. You retain the customer relationship, owning and servicing your policies as you normally would.

Learn about our loans and credit lines at www.oakstreetfunding.com or call **1-866-OAK FUND (1.866.625.3863)**.



Don't fence me in

Texan Kirk Stubblefield aims to put his brand on a lot more insurance business

In a part of Texas they call the Big Country, east of Lubbock and west of the Dallas-Fort Worth sprawl, agency owner Kirk Stubblefield has been expanding his spread with a determination that early ranchers would have envied.

Kirk founded Stubblefield Insurance and Financial Services 10 years ago in Abilene, at the heart of this area renowned for cattle, railroads, and oil. A native of nearby Colorado City, he'd decided after 14 years in oil, farming, and ranching that it was time to get into something new. He considered becoming a stockbroker, but a friend talked him into trying insurance. "I

started out with nothing but a desk, a phone, a computer, and a fax machine," he says. "Nobody told me you couldn't build an agency from the ground up."

His first affiliation proved so unsatisfactory that he terminated the contract in a few months. Eventually he succeeded in building a book of life and health insurance, then added property and casualty. Today, Stubblefield writes life, health, disability, long-term care, auto, homeowners, Medicare supplement and commercial coverage—but increasingly, his customers aren't in Abilene.

With an assist from OSF, a 37 percent boost in production

In 2005, Kirk realized that just ambling along with Abilene's 3 percent yearly economic growth was too slow a pace to suit him. The Internet offered an opportunity to grow without hiring more producers. However, building a powerful website and launching online advertising wouldn't be cheap.

"We talked to some banks," he explains, "but it's hard to get a bank to loan on a book of business. Some of them were willing to talk if I'd put up my house as collateral. I wasn't interested in that." To finance his plans out of future commissions, he called Oak Street Funding.

With capital provided by OSF, Stubblefield financed an online marketing program that increased production by 37 percent. "We do a lot of Internet sales now," he says, including P&C as well as life and health. About 90 percent of his new business currently comes in via the web, including Medigap and LTC coverage. To expand his presence, he's developing two more websites in addition to the three that are already online.

More leads from a strategic partnership

Kirk also beefed up production by partnering with a Fort Worth financial firm to share leads. "They refer insurance business to me, and I refer financial leads to them," he says. The exceptions are annuities and long-term care policies, which Stubblefield handles in-house.

But that may change in the near future. Having presciently included "Financial Services" in his firm's name, he's working toward offering wealth accumulation, retirement planning, tax and estate planning, and investment planning under his own roof.

Kirk Stubblefield



Financing an acquisition

In early 2007, Kirk spotted another opportunity. The owner of an agency about a hundred miles north in Seymour was interested in selling.

Bunkley & Jones was a rare prize. The firm had done business since 1931, making it one of the oldest insurance agencies in Texas. The office manager, who specialized in commercial lines, and the bookkeeper, representing personal lines, had a combined 67 years of experience. Including a branch office in Graham, about 60 miles closer to Fort Worth, the agency did

about the same volume as Stubblefield's firm in Abilene.

Oak Street Funding put cash in Kirk's hands in days, giving him extra leverage to close the deal. He kept the original Bunkley & Jones name along with the veteran employees, and hired another producer and a staff member

to provide more support. The investment is paying off: Bunkley & Jones's production is expected to increase by 15-20 percent in the first year.

On the horizon: more growth powered by OSF?

Starting from scratch a decade ago, Stubblefield Insurance and Financial Services has leveraged itself into three locations, a strong presence on the Web, and a strategic partnership that generates additional leads. "We cover the whole state of Texas now," Kirk says. In 2008, he's thinking of moving into a couple more states with life and health insurance.

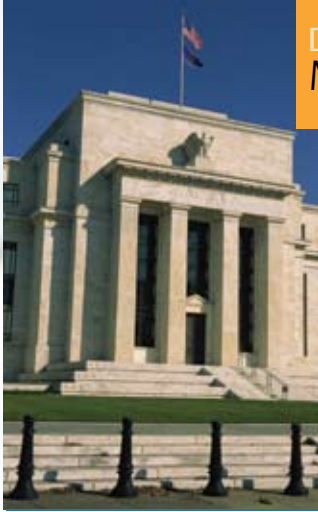
Whatever comes next, Oak Street Funding will be on hand to provide necessary capital. After his frustrating search for bank financing, Kirk appreciates the professional service and efficiency of borrowing from OSF, the industry leader in commission-based lending. "You don't have to put up your whole business," he points out. With Oak Street Funding's proprietary system for valuing future commissions, you "just pick out what you want to use as collateral, and they'll say, 'We can loan you so much on this book.'" Little or no cash is required.

In fact, Oak Street Funding usually advances higher amounts against a book of business than banks will. With lending limits that range from \$25,000 to \$10 million, OSF's loans and credit lines have been used for everything from new technology to agency acquisitions. Succession planning is simplified, because buyers can finance the purchase by borrowing against the book of the acquired agency. And funding within two weeks, in most cases, helps insurance professionals move quickly to capture an opportunity.

That kind of speed suits Kirk Stubblefield. With so many irons in the fire, he'd like to have more time for Texas Tech football games, hunting, and barbecuing with his wife, Pam, and friends. Right now, though, building his business is what recharges him. "I work all the time," he says.

In his Big Country drawl, it sure doesn't sound like a complaint. ●

[THE FEDS]
Making (more) money.



To combat the liquidity crunch and a potential economic slowdown, the Federal Reserve and other central banks have injected cash into the banking system and lowered interest rates. This will hopefully encourage business investment. Policymakers may also pitch in with various reforms. Stay tuned.

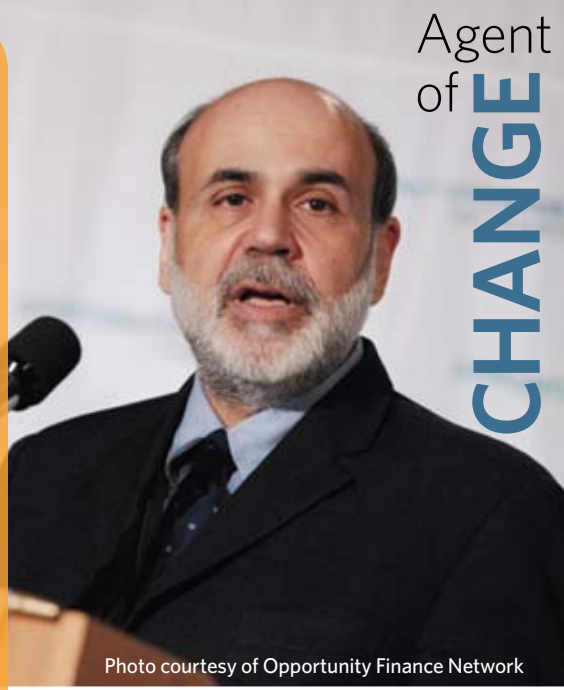
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Are more regs coming?

In the wake of the recent credit shortage, the Bush administration and the Federal Reserve—which had previously championed the free market—have pushed for more economic regulations. For instance, take the proposed freeze on mortgage rates for some homeowners—sometimes freedom comes with a cost.

www.oakstreetfunding.com

ONE
thing is certain—
economic uncertainty
—according to Federal Reserve chairman Ben Bernanke. He says that central bankers need to be as clear and predictable as possible. If only people could be predictable.



Agent of
CHANGE

Photo courtesy of Opportunity Finance Network

Working hard or smart

Agencies can work smarter, according to the Real Time/Download Campaign, a coalition of independent agents, trade associations, carriers and technology providers that stress workflow improvements. It suggests improving efficiency through more transactions (quotes, billing inquiries, claim inquiries, loss runs, etc.) in real time—defined as the ability to click on a button from a client file in an agency management system or comparative rater for immediate access to carrier information. **So get real...time!**

Harder to spend and borrow



Many economists predict a 5 to 10 percent drop in housing prices for 2008, resulting in far less consumer spending—which accounts for about 70 percent of all economic

activity. Plus, the economy is on pace to generate only about 40,000 nonfarm jobs a month in 2008. That's about one-third the pace for most of 2007, according to Ian Morris, U.S. economist for HSBC. This could make lenders even tighter with their money for business loans—too tight for comfort.



[FROM THE FILES]

- **Name:** Mark Philpott
- **Agency:** Mark Philpott & Partners, Arlington, Virginia

Years in insurance industry 24
 Own agency since November 2005
 Current size \$430,000 - \$450,000
 (2007 premium), one employee
 Lines..... Auto, property, commercial, life,
 long-term disability, long-term care
 Business challenge..... Finance expansion
 History with Oak Street Funding Two loans,
 starting in early 2007

● How OSF Helped

- Loan #1: Provided funds to hire a licensed sales producer and enhance cash flow.
- Loan #2: Will provide funds to hire and train two more producers and upgrade computer systems.

● Comment

“As a small-business owner, I know one of the challenges we have is finding cash flow to expand. Some of us know we need to expand, but can’t take the step of raising the money. The way I view it, you have to be willing to invest in your business, the same way you might invest in the future by taking out a student loan. In my experience, the whole process with Oak Street Funding was easy and very, very smooth. I’m glad I did it. And I’d do it again.”





[MEET]

Meet Jeff Reinoehl Oak Street Funding Director of Sales

Jeff oversees all of our lending programs. A veteran of commercial and consumer finance, he joined Oak Street Funding in 2007 after more than 16 years of experience with both national and regional lenders.

Jeff came to OSF because he was impressed with what we were doing in the insurance industry. “The future commission stream of an in-force book of business is an intangible asset that most banks won’t consider as collateral,” he says. “Enabling an insurance professional to borrow against it is a great idea. And ever since Oak Street Funding introduced the concept, thousands of agents have had the opportunity to take advantage of it.”

Succeeding in today’s market isn’t easy, but Jeff has some straightforward advice. “The single most effective way to consistently build your business is client referrals,” he says. “Prospecting always seems so time-consuming, but it takes just a few moments in a meeting, a phone call, or a letter to remind a client that you welcome referrals. Keep your clients happy and make sure they know you want them to refer their friends, family members, and business associates to you.”

Jeff has a degree in economics and business administration from Kalamazoo College. An Indiana native, he calls himself “a diehard Notre Dame fan.” In his free time, he enjoys playing basketball, golf, and wakeboarding, but his absolute favorite activities are coaching youth sports and spending time with his kids, 9-year-old Haliagh and 7-year-old Jack. Jeff and his wife, Lisa, their children and dog, Miko, live in Westfield, Indiana.

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11555 North Meridian Street, Suite 390
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