THE COLEBROOK CHRONICLE

Issue 3 • Spring 2013

Your source of current trends and developments in the timeshare industry.

Capital Expenditures at Timeshare Resorts Increase Nearly 38% in 2012's Fourth Quarter

For the first time in several years, timeshare developers are spending heavily to build new inventory. The quarterly "pulse survey" conducted by Deloitte & Touche on behalf of ARDA indicated that $90 million in new inventory was constructed during the fourth quarter of 2012 compared to $43 million in the fourth quarter of 2011. Sales are increasing and inventory left over from the decline of 2009 is being absorbed, creating a need for new product. Total capital expenditures (including expenses on existing units) increased 37.6%.

Other highlights of the survey, which compared the fourth quarter of 2011 with the fourth quarter of 2012, are:

- Net timeshare sales increased 10.8%. Sales to new owners were up 7.0% while upgrade sales increased by 18.7%. Sales originated under fee for service arrangements increased 8.9%.
- Prices were essentially flat, and closing efficiencies increased very little. The increase in volume was due primarily to a 5% increase in prospects who experienced a sales presentation. Greater tour flow is a positive sign, indicating that more consumers are confident enough to consider the purchase of a vacation ownership product.
- Portfolio performance improved slightly, with the percentage of receivables less

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The annual conference features an array of educational sessions

Growth is the Common Theme at Annual ARDA Conference

Over 3,000 people attended the April 2013 convention of the American Resort Development Association, and by Wednesday evening it seemed as though we at Colebrook had spoken with all of them. Over three days, in a hospitality suite at the Westin Diplomat Resort and Spa in Hollywood, Florida, we had 28 business meetings with customers, prospective customers and vendors. The common theme to the discussions was expansion. Several of our clients have property acquisitions or new construction projects underway. Others are evaluating corporate acquisition opportunities and virtually all are looking for a higher top line during the coming year.

In contrast to three or four years ago, the industry's focus has clearly evolved from survival to growth. Funds are readily available; established industry lenders were eagerly seeking additional business and some new lenders made their convention debuts. At the 2009 conference, any active lender was the "belle of the ball," with a plethora of suitors. By 2013 it was the lenders who were courting the developers.

With the increase in funding availability, developers are activating expansion plans that have lain dormant for the past few years. Industry sales were higher in 2012 than in 2011, but the key question is whether future growth in consumer sales will be sufficient to absorb the additional product developers are building or acquiring.

On Tuesday afternoon, Colebrook hosted a resale finance brainstorming session during which sellers, title experts, attorneys and the Colebrook principals discussed potential strategies and tactics

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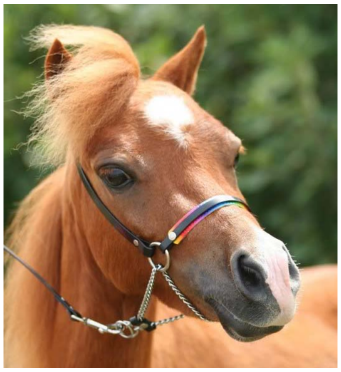
Attendees at the convention could visit with vendors in a lively exhibit hall



The Night Harry Made the Animals Talk

Harry Heller provides virtually all Colebrook's legal services. Many of you know him as an experienced, knowledgeable and occasionally cantankerous individual who is highly respected in the legal community. Recently, however, the *Chronicle's* investigative reporting staff uncovered an incident from 1992 that portrays Colebrook's counsel in a different light.

Harry represented the owner of five miniature horses who had been ordered by the Montville Zoning Board of Appeals to remove the horses from her property. The issue was whether they were farm animals, which were not permitted by the zoning classification, or pets. Prior to the hearing, Harry alerted the media that the usually mundane zoning meeting might be a little more interesting that evening.

Shortly after the hearing began, with television cameras recording the action, Attorney Heller called his star witness, Dooby the miniature horse. Dooby was not just any horse; he was trained to nod his head affirmatively or shake it negatively upon receiving a subtle prompt. "Dooby," Attorney Heller began, "are you a farm animal?" He gave the prompt and Dooby shook his head from side to side. "Are you a pet?" Dooby shook his head up and down. He didn't crack under cross-examination, the case was won and Dooby was allowed to stay with his owner.

Representing clients who could only shake or nod their head in response to questions was excellent preparation for representing Colebrook, a relationship that has endured for more than a decade.

ARDA Conference, continued from page 1

to increase volume and streamline the resale financing process. Resale financing encompasses both transactions between individuals on the secondary market and the sale of weeks owned by homeowners' associations. Colebrook has extended some resale financing over the years, and while the performance of the receivables has been excellent, we have not been able to develop a smooth and cost-efficient process (see related article in this issue).

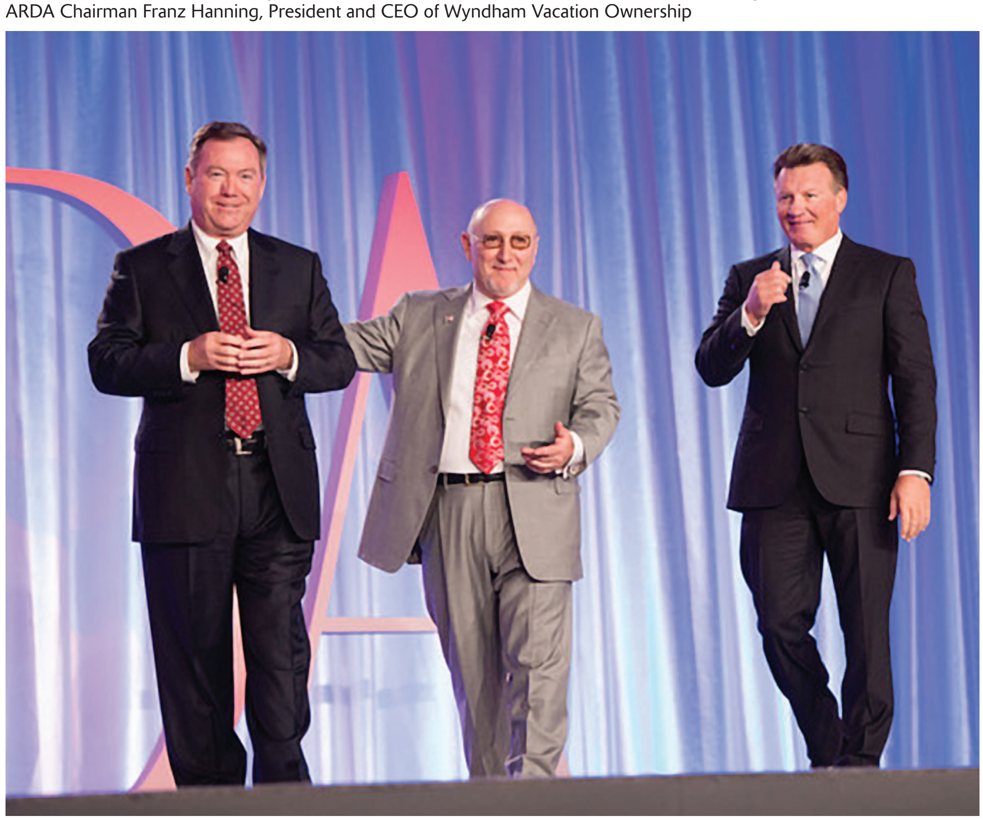
The brainstorming session was a lively one. A number of sound ideas were proposed, and we will continue to work toward developing an effective financing program. Fostering a viable resale market is a key long term goal of the timeshare industry and accessible financing is a critical element in the process.

One of the principal features of the annual conference is a broad array of educational offerings on various aspects of the timeshare industry. Colebrook's Bill Ryczek moderated the *Fundamentals of Finance* panel that updated attendees on recent trends in the financial arena. The general message on financing is that there is a lot more of it than there was a year ago. Panelists informed potential borrowers about the array of terms available and the underwriting criteria that are most critical to lenders.

The conference concluded with Thursday's Breakfast of Champions, featuring keynoter Jim Morris, former major league pitcher and inspiration for the Disney movie *The Rookie*. Morris was a 35-year-old teacher and retired minor leaguer who made a comeback and wound up with the Tampa Bay Rays for parts of two seasons. Morris's tale of realizing the impossible dream so inspired some audience members that we spotted ARDA CEO Howard Nusbaum behind the hotel lighting up the radar gun at a level approaching the parking lot speed limit. Look for him in Yankee Stadium as soon as his back heals.

After a week of prospecting, negotiating, learning and socializing, the attendees dispersed to gather again during the first week of April 2014 at the Venetian in Las Vegas.

(Left to right) Outgoing ARDA Chairman Don Harrill, President & CEO of Holiday Inn Club Vacations and Chairman of Orange Lake Resorts; ARDA President Howard Nusbaum; incoming ARDA Chairman Franz Hanning, President and CEO of Wyndham Vacation Ownership



DEVELOPER SPOTLIGHT:

Global Exchange Development Corp.

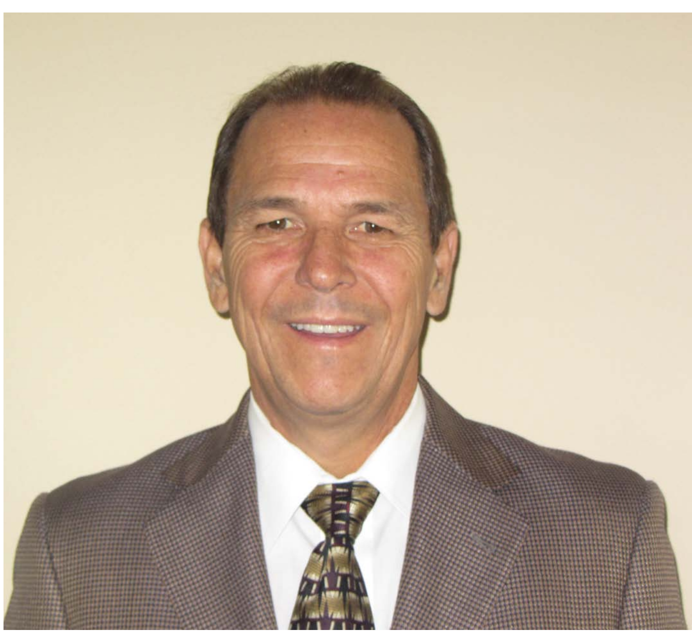
Back Into Growth Mode

By Sharon Scott

Global Exchange Development Corp. (GEDC) President Rick Sargent believes his exclusive relationship with the world's largest exchange company, RCI, provides him with an unparalleled competitive advantage. Sargent had been looking at creating a points-based product, so when RCI's program became available in 2002 it was a 'no-brainer.'

Sargent is a high energy individual, and it is hard to speak with him without become infected with his enthusiasm for his product. "RCI's concept made the consumers' principal objections to owning a fixed week/fixed unit go away," he says. "Even the introduction of floating units and time hadn't overcome the issue. Sure, you could make a reservation at your own resort anytime within your season. But you could never trade up unless you got lucky at the last minute. RCI and their members were wasting a lot of weeks, so RCI set up a system whereby each week has an intrinsic value. For example, with the RCI Points system a customer can buy a certain number of points, which they might use all at once for a two-bedroom red week or, conversely, they may spread their points out to get additional time at off-season locations or for smaller units. And they can do this at any RCI-affiliated resort. I was chosen as the first RCI Points Broker and assisted in the marketing effort. In return RCI helped me to create the first RCI Points club, ''GEVC — Powered by RCI Points."

The resulting points-based timeshare club remains the only club "Powered by RCI Points."



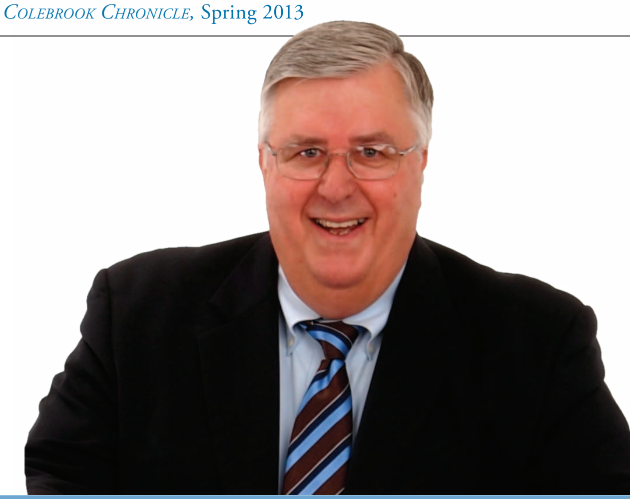
Rick Sargent, president, Global Exchange Development Corp.

GEDC developed Global Exchange Vacation Club, a non-profit homeowners association (HOA) that holds title to the inventory, which is the underlying asset for the points packages. Most of the inventory is acquired from unaffiliated HOAs, which have in turn come into possession of the intervals due to homeowners defaulting on maintenance fees. Sargent is careful about the inventory he acquires, selecting only financially sound resorts that will be attractive to his customers. In 2005, the company opened its first purpose-built resort — Lighthouse Point near Mendocino, California — which has since been sold out. GEDC also bought a small, 15-unit property in Kissimmee and completely remodeled and revitalized it. With sufficient inventory currently available from HOAs, Sargent does not have plans for any new developments.

"Interestingly, RCI says that for the first time on record, HOAs own more inventory than all the developers put together," comments Sargent, "and most don't have the wherewithal to sell it. So it accumulates. Many of the smaller, self-managed, single-site resorts are facing big challenges these days. I get calls all the time to look at inventory, and we have created some very specific rules before we'll take on any more. We're looking for resorts with highly valued inventory that has moderate maintenance fees, with an HOA that has sound financials with ample reserves." Sargent said his company is willing to help refurbish and remodel the right property. As a result, the club has a good quantity of attractive inventory pooled into RCI's system and a very active membership base.

New members are recruited at two sales centers located in Southern California. "Prior to the recession," says Sargent, "we had four sales rooms, but we were forced to reduce sales volume. After our major source of lending at the time pulled out of the business altogether, we were forced to reinvent ourselves. Fortunately, we had no acquisition and development debt. We just needed receivable financing to remain viable and that's where Colebrook helped immensely. We wouldn't be here without them, because they were providing financing when no one else was. They liked us and what we were doing, and since we came together we've done more than $30 million in financing and continue to grow the relationship.

With financing in place, GEDC is once again a growing company looking to expand. Sargent reflects on his team's renewed vigor. "We have entered into an agreement to acquire inventory in Gatlinburg and we will be opening up more sales offices in California, with an eye to expanding on the west coast." Talking about expansion is a lot more fun than pondering an orderly liquidation, which is what Sargent saw as a possibility when the financial crisis broke in 2008. He has a unique business model that results in an acceptable product cost and an affordable, usable product for his consumers. The modest price point compared to traditional single week timeshare intervals expanded the potential market and resulted in strong performance for his receivable portfolio, and Rick and his management team look forward to a bright future.



Robert Giffen,
Senior Vice President,
Dime Bank

In for a Dime...

An Interview with Robert Giffen, Senior Vice President, Dime Bank

By Sharon Scott

Dime Bank, a Connecticut mutual institution, has ten retail locations in Connecticut and another in Rhode Island. So how did a relatively small lending institution in a financially conservative region of the country come to get involved in timeshare lending? Dime's Senior Vice President Robert Giffen shared the ideas that persuaded them to become Colebrook Financial Company's first lender.

Chronicle: Why is a community bank like Dime comfortable participating in timeshare loans?

Giffen: Smaller institutions have an inherent problem employing sufficient levels of staff with expertise in all the different skill sets necessary to build a strong commercial presence and portfolio. As I had a strong commercial lending background, we found that by associating with other financial institutions and brokers, either through participations or loan sales, we could grow the portfolio faster than by just concentrating on our local market area. With the board's support, we explored different areas like insurance premium financing, lease financing, etc., all with great success. Thus when the opportunity arose to explore timeshare lending, our board and management were receptive to exploring it.

Chronicle: What got you interested in working with Colebrook?

Giffen: We always had a good working relationship with the members of Colebrook from their days in banking. When they decided to start their own company, we already had a great deal of comfort with their strong marketing and analytical skills in the timeshare industry. This in-depth knowledge, along with their support to banks like us, gave us a great deal of comfort—one which we still have to this day, more than a decade after our first plunge.

Chronicle: How big is Dime? What is the bank's focus?

Giffen: When I started with the bank in 1993, we were a $110 million institution with just a residential and consumer loan portfolio. Today we are a $700 million institution with over 50 percent of our loan portfolio in commercial loans. The bank's primary focus now is commercial lending, as the market for residential and consumer portfolio loans has been declining rapidly and is expected to stay that way for the foreseeable future.

Chronicle: When you proposed getting into timeshare lending, what were the initial concerns of management, the board and the regulators and how did you address them?

Giffen: Management and the board were initially skeptical of the idea, as most of them thought of these types of loans as real estate loans and thus they were a little uncomfortable about lending in areas where they did not have an in-depth knowledge of the markets. We started small and over time, continued to increase our presence in this marketplace. We also got involved in loans to Homeowners' Associations under the guidance of Colebrook. Our management and board began to see the profitability of this type of lending and the safeguards that were built in, and also became aware that this type of lending was more consumer-based versus being dependent on real estate values. Little by little our involvement increased, and with the consistent performance by Colebrook, so did our confidence that this was a solid line of business for Dime.

I was extremely concerned at first with how the regulators (both state and national) would look at our involvement in this area. Both Colebrook and Dime are sticklers for documentation and analysis, so we have never had a problem with a regulator on this issue. I also had an experience where a senior member of the FDIC came and spoke to me about one of our larger loans. I thought he was going to express some concern about the credit. Instead, he told me he thought the timeshare developer we were working with was an excellent choice as he had dealt with them in the past with a larger institution.

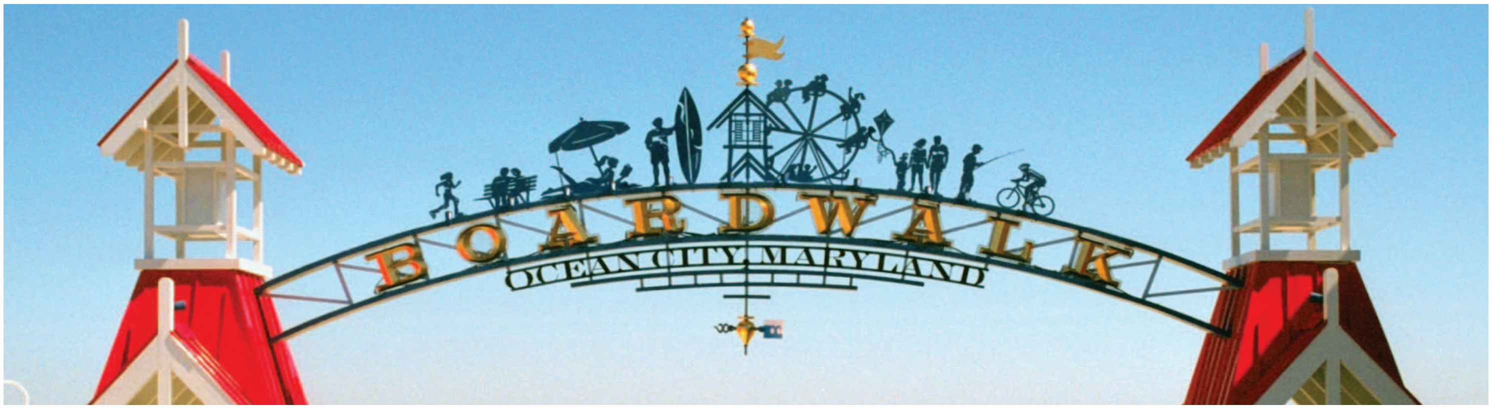
Chronicle: What do you see as the positive aspects of timeshare lending and what do you see as the primary risks?

Giffen: The positives for institutions like Dime are the impact on our earnings and the ability to add significant loan volume to our commercial portfolio. We have been in the timeshare business since 1996, with our portfolio growing from approximately $1.0 million to over $25 million today, all without one hiccup. It's a record we never could have obtained without the assistance of Colebrook. The negative side is only the competition from other large institutions that come and go throughout the different cycles. At present they are back in and the ability to manage relationships may get harder as terms and conditions are loosened to obtain volume.

Chronicle: We're told you are retiring in August. What are you planning to do in your retirement? Do you need suggestions on timeshare resorts you might visit?

Giffen: I was hoping to do the inspections of the various timeshare facilities for Colebrook, but I found out that Bill Ryczek's expense budgets only covered coach airfare and cheap hotels, so I will be helping Dime through the transition and exploring other opportunities.

Colebrook and the *Chronicle* send Bob best wishes for a happy and healthy retirement and thank him for his tremendous support over the years.



Resale Financing: A Challenge and an Opportunity

In 1990, I was walking along the Ocean Beach, Maryland boardwalk with Jimmy Peters, a developer long since retired. "Whoever solves the resale financing puzzle," Jimmy said, "is going to become a very rich man." That thought has stayed with me for more than two decades, during which time the resale market has become bigger than ever.

Hypothecation financing has been available to timeshare developers since the industry began. It is (other than securitizations) on a full recourse basis to the developer, and often includes the personal guaranties of the principals. The recourse provisions enable lenders to advance funds with the confidence that a financially strong organization provides a secondary source of repayment.

When a timeshare owner sells their week to another party, they don't want to be on recourse for a note. Likewise, the broker, who received only a commission, doesn't want to be on recourse, since they receive no other income from the transaction. It is the non-recourse nature that differentiates resale financing from standard timeshare lending.

Despite the differences, resale financing is attractive to us for a couple of reasons. One is the growth of the market. As the number of timeshare owners continues to increase, there are more potential sellers. Many who bought their interests in the early 1980s are now beyond traveling age, and the perpetual ownership that seemed so alluring has become a burden. They want to sell, but there are more sellers than buyers. One of the reasons for the under-supply of prospective purchasers is that there is no financing available. Purchasers must either pay cash or put the full amount on a credit card. The lack of viable financing options has kept the number of buyers down and the prices low.

A second reason Colebrook finds the resale market attractive is the lack of competition. Our stiffest competition in our standard product lines comes from very large institutions, which would not be interested in the resale market, due to the required investment of time, the small size and number of transactions, and the nimbleness required to structure an appropriate product.

In the late 1990s, under our old company, we dabbled in resale financing and the results were mixed. The performance of the receivables was excellent, as we expected. The purchase of a timeshare interval on the resale market takes several weeks to consummate, in contrast to most front-line sales, which take place the same day as the sales presentation. As paperwork travels back and forth by mail, hesitant buyers have time to back out. Those that proceed are committed. Further, resale prices tend to be much lower than developer prices, leading purchasers to feel they got a bargain. Finally, most resale purchasers actively sought out the opportunity, as opposed to those buying at a resort, who are often attracted by free or discounted tickets or other gifts.

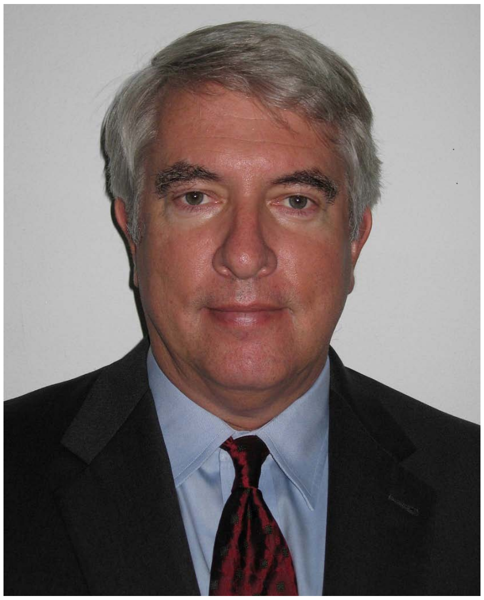
With committed buyers and excellent receivable performance, one might ask, what went wrong? The problem was in the process. The ponderous paperwork transfer that gave buyers time to think made the closing process extremely cumbersome. Further, the resale market, particularly at that time, was fragmented, with no broker generating a sufficient level of financing to refine the process or devote substantial attention to it. People who are good at selling timeshare intervals are rarely good at completing legal documents, which led to an inordinate time requirement on our part. After doing about a million dollars in financing, we stopped the program, even though we had virtually no losses and the yields were strong. The process was simply too inefficient and time-consuming.

When I was in grammar school and we were confronted with a perplexing problem, our teachers told us to "put on our thinking caps." That is what we have done in order to create a viable resale financing product. As noted in another article in this issue, we hosted a brainstorming session on the topic at the recent ARDA Convention.

We currently have two viable relationships with re-sellers, both of which are growing slowly. We've got a structure that we're comfortable with from an underwriting and loss mitigation perspective, and we continue to refine the funding process, which is the key to a successful operation. We have access to an automated underwriting system, which eliminates some manual tasks, and utilize title companies to close the transactions. In most cases, we simplify the transaction by making the loan on an unsecured basis, and utilizing strict credit criteria. A critical aspect is working with competent brokers, who understand the value of financing and are willing to be participants in the process rather than passive onlookers awaiting a wire transfer.

The upside of the resale market is high if we are able to solve the puzzle. The downside if we don't is limited—a missed opportunity and an investment of time. We will continue to work on our program over the coming months and will keep our readers apprised of our progress.

Attorney Raymond J. (Skip) Gaskill on Current Trends in Timeshare Regulation



Raymond J. (Skip) Gaskill, Esq.

A number of attorneys serve the timeshare industry by representing developers. Most are members of large firms with dozens or hundreds of attorneys. And then there is Raymond J. (Skip) Gaskill, a sole practitioner from Irvine, California who represents some of the largest timeshare developers on the West Coast.

Skip was an attorney for a California savings and loan institution when he had the opportunity to join a large timeshare company as general counsel in 1989. He moved to private practice and has been involved almost exclusively in the timeshare industry ever since. The *Chronicle* recently had the opportunity to speak with Attorney Gaskill about trends in timeshare regulation.

Chronicle: What drew you to the timeshare industry?

Gaskill: The thing I like most about representing timeshare developers is that they are by nature a positive group of people. They're creative. They love to go out and build and sell product, and they're almost always successful.

Chronicle: What is the attitude of regulators toward new timeshare developments?

Gaskill: Regulators are really neutral. Their role is to protect consumers and apply the state laws to ensure that consumers get the benefit of their bargain and understand what they're purchasing.

Chronicle: How has timeshare regulation evolved over the years?

Gaskill: Many states didn't have timeshare regulations when the industry began, so they tried to apply land sales and home sales regulations to timeshare. They soon realized that timeshare needed its own set of regulations because the product and the way it was sold were so different. So most states, particularly those like Florida and California that have a lot of timeshare activity, adopted regulations specifically designed for the timeshare industry. The laws have evolved over the years to accommodate the different product types that have come on the market.

Chronicle: What is most common way timeshare developers can get into legal difficulty and how do you counsel your clients to avoid problems?

Gaskill: Very rarely do you find anything wrong with the structure of the project or with the registration. The thing that gets most developers in trouble is not paying attention to sales and marketing regulations. That can lead to consumer complaints and if the developer doesn't properly handle that complaint a frustrated consumer will go to the regulators.

Chronicle: What do you believe are the most important consumer protections under timeshare laws?

Gaskill: The right of rescission is probably the most important. It allows a consumer to reflect on their purchase, review the documents and decide whether they want to consummate the transaction or rescind. I also think disclosure is very important. States that have extensive disclosure provisions for public offering statements are less likely to have consumers who don't understand what they purchased.

Chronicle: There is a new law designed to make it more difficult for timeshare "rescue companies" to take money from timeshare owners and place their timeshare weeks in inaccessible companies, thereby preventing homeowners' associations from collecting maintenance fees. What are your thoughts about the law?

Gaskill: I don't know how effective it will be because businesses that do that type of thing really don't care about laws. They operate in one location for as long as they can and then they pick up and operate somewhere else. I don't think legislation will solve that problem. I think the answer is more owner education, so that the owner knows what to do when approached by one of these companies.

Chronicle: What trends do you see in the world of timeshare regulation?

Gaskill: Michigan recently did away with all of its timeshare regulations. They had so few complaints that they decided it was not something they needed to regulate. There's also a push in many states to reduce the volume of paperwork that a consumer receives. The regulators used to feel that the more paper you gave a consumer the better informed they would be. I think they're starting to understand that stacks of paper aren't necessarily the answer. It's more the quality of the disclosure than the quantity of the disclosure that helps the consumer.

Chronicle: What should bankers be cognizant of when lending to timeshare developers?

Gaskill: Bankers need to be keenly aware that most states require a developer to register in the state where the project is located *and* any state in which it is marketed or sold. Engaging in sales or marketing activities in a state where they're not registered will get the developer in trouble. The lenders need to stay on top of those registration issues.

Skip has worked with Colebrook on a number of transactions, which have gone very smoothly in part because we share similar philosophies of doing business. Skip knows his craft, focuses on the important issues, cuts right to the chase and nearly *always* answers his phone.

Mark Raunikar Looks Back, continued from page 8

Also, the new product coming up is much more luxurious than its earlier counterpart. There are flat-screen TVs in the living room and all the bedrooms. The master bath invariably has lots of sex appeal, with a Jacuzzi and opulent appointments."

Raunikar notes that the underwriting process has matured in tandem with the industry. "In the early days, lenders with a consumer lending background would underwrite each individual consumer; others from a commercial background would only underwrite the developer. Each approach had its shortcomings. What you really need is a blend of both approaches. Those of us who have operated in the niche for a long time have adjusted our practices, and we have much better tools, such as FICO scores and static pool reporting to analyze portfolios."

Raunikar also notes the improvement in developers' accounting practices over the years. "When we are reviewing a new client and looking at their financial statements, we are now seeing more clearly where their expenses are and how they recognize sales. Today's developers are definitely using more sophisticated and streamlined accounting practices."

Raunikar spoke of how Colebrook analyzes potential lending opportunities. "We look at the management team; in most cases, because of our lengthy experience in the industry, we know the individuals and their histories. We consider their character, the team's track record, how they evaluate risk and how they make decisions."

"When we consider a transaction, sales is key," he points out. "The developer's marketing must be cost-effective and capable of generating quality leads that can be converted into sales. When we're looking at a deal, we also look at the performance of the company's existing portfolio as well as the amount of debt on the balance sheet. We need to be satisfied that they can generate sufficient sales volume to cover the debt and provide enough operating cash flow. This was never as important as during the last few recessionary years. When a developer's sales volume dropped 20 percent, they had to have sustainable operating funds or they wouldn't have survived."

Having recently returned from the annual timeshare developers' convention presented by the American Resort Development Association (ARDA), Raunikar feels bullish. "Money is back from the lending side," he said. "We observed during the convention that the developers who fared best during the last few years were often those that grew through consolidation and the strategic acquisition of other companies. It was also clear that capital expenditures are up from the previous cycle. Developers once again have the confidence to build new product."

While Raunikar does not foresee many new entrants to the industry, there are a few. "We have seen a handful of new players coming in, but they are usually those with an existing hotel or whole ownership project that add a timeshare component. In addition we are working with a very successful European developer who is testing the waters in the US. Another thing that intrigues us is the secondary market. Right now we are studying ways to bring viable financing to consumers looking to buy a resale product." Raunikar also mentions the increasing number of points-based clubs, which may be a boon for homeowner associations looking for an outlet for unsold and returned inventory.

It's been an interesting quarter century in the timeshare industry for Raunikar, who looks forward to facing the challenges of the future. As the youngest of the Colebrook partners, he anticipates serving the industry as a lender for many years to come.

Capital Expenditures, continued from page 1

than 60 days delinquent increasing from 92.2% to 92.6%. Currency was down slightly from 93.3% at 9/30/12. The default rate of 2.0% for the fourth quarter of 2012 was equal to the rate of a year earlier.

The sales statistics presented in the survey indicate that the timeshare industry is healthy and the substantial increase in the construction of new inventory demonstrates the developers' confidence that consumers are back and interested in quality vacation product. It is also indicative of the increased availability of financing. For the first time since 2008, industry lenders are extending construction financing on a limited basis, and institutions that have not previously been active in timeshare lending have issued commitments for new development projects.

Colebrook Financial Portfolio Update

With each issue of the *Chronicle* the narrative accompanying the chart of portfolio performance has become shorter. Once again, there is little to be said, for performance continues to be strong, with little change from our last report. In the wake of the financial crisis of 2008, most developers increased their credit standards, which has led to improved portfolio performance throughout the industry. As noted in the article on the annual ARDA Convention, financing is available and expansion is in the wind. One of the associated challenges for developers is to resist the temptation to drive volume through lower credit criteria. For lenders, the challenge will be holding to their standards when some competitors are not, and thereby avoiding another crisis. Portfolio performance is summarized below.

	12/31/09	12/31/10	12/31/11	12/31/12	3/31/13
Current (<30 days)	93.72%	94.53%	96.18%	96.77%	96.68%
60+ days	3.13%	2.46%	1.79%	1.09%	1.29%
Advance Rate	73%	70%	67%	72%	71%
Losses on Receivable Loans and Loan Purchases	$ 0	$6,000	$54,000	$27,000	$8,000

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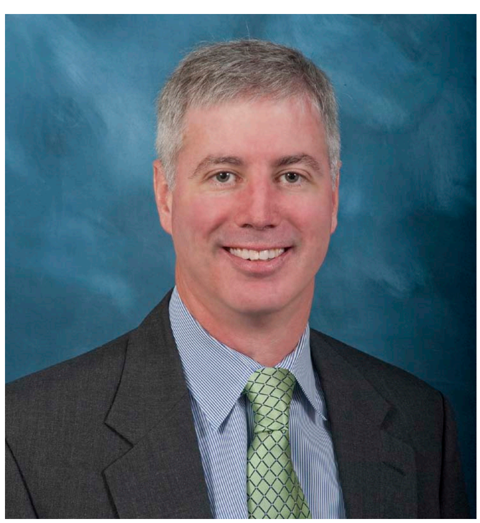
Colebrook Principal Mark Raunikar Looks Back on 25 Years in the Timeshare Industry

By Sharon Scott

Over the past 25 years, Colebrook Financial Co-Founder and Principal Mark Raunikar grew up in tandem with the timeshare industry. During his senior year at the University of Connecticut, Mark worked part-time for a bank that had started lending to resort developers in the '80s. The manager of the bank's timeshare department was Bill Ryczek (a fellow co-founder and principal of Colebrook), who recognized Raunikar's quick mind and unusual maturity and convinced him to come on board as an underwriter as soon as he graduated. When Ryczek and the resort finance team left the bank to form Colebrook, Raunikar was an integral part of the successful launch.

Raunikar learned his trade well, watching the industry mature from an eclectic group of modest-sized businesses run by visionary entrepreneurs to a collection of professionally managed companies run by talented, well-rounded executives. "While at the bank I observed how these smaller players developed, marketed and sold condominiums or converted motels," says Raunikar. "Over the years we've witnessed a lot of maturation within the industry. Today the resort industry is run much more professionally. The management teams are stronger, consisting of highly qualified people who have a great deal of expertise in their various disciplines. In many cases, these companies have earned high marks with the rating agencies and have completed a number of successful securitizations. It's a totally different world than when I started."


Colebrook Financial Co-Founder and Principal Mark Raunikar

Raunikar describes how, as the industry evolved, developers began to offer a much greater array of vacation choices. "Formerly, consumers could only buy a fixed week and unit at a resort and their options to exchange their week for another week at a different resort were nowhere near as open as they are now," he says. "These days most developers offer a flexible points-based vacation product, giving the customer options that may include staying at other resorts or trading for airline tickets, cruises or car rentals."

"The development process has also changed," he adds. "Today, developers are far more likely to be adding phases to existing projects than starting a new development.

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