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

Changing of the Guard at Flagship Resort

The transition from the founder of a company to the next generation of management is one of the most difficult undertakings in the business world. When Bruce Kaye decided to retire from the management of Flagship Resorts of Atlantic City, New Jersey, the leadership roles devolved upon Co-CEOs Roxanne Passarella and Kevin Jones. Passarella is an attorney who has been managing Flagship's administrative functions for many years while Jones, whose background is in marketing and sales, was CEO of King's Creek, a timeshare resort in Williamsburg, Virginia that was recently sold to Spinnaker Resorts. Jim Casey, a long-time timeshare lending executive who recently retired from the banking industry, is a board member and part-time consultant who provides guidance to the company in strategic financial matters.

Roxanne is a graduate of Widener Law School who began her legal career in the criminal law arena, working for a Superior Court judge. "That wasn't for me," she said. "There was too much emotion." Roxanne had spent some time doing foreclosure work during a summer vacation from law school, and in 2003, when she saw that Flagship was looking for someone in that area, she applied for the job. "I thought I'd do that for a couple of years and then move on, but it's eighteen years later and here I am."

It wasn't long before Kaye began giving her more responsibility and grooming her for a senior management position. "Bruce taught me the timeshare business," Roxanne said, "but more importantly he taught me about the value of relationships and how to develop good business relationships. My father was an auto mechanic who operated a garage, and he could deal with people from all walks of life. I started learning from him and Bruce helped me develop those skills and put a professional edge on them."

Kevin Jones grew up in the resort business; his father Al was involved in timeshare sales on Hilton Head and brought Kevin into the business at a young age. After he became a principal in King's Creek, he began networking with other independent developers. At one gathering, he met Bruce Kaye and the two hit it off. Bruce wanted to learn more about the marketing programs at King's Creek, and flew in to see the operation.

He liked what he saw, and over the next decade and a half, Bruce and Kevin shared ideas about marketing, product development, and other aspects of their businesses. As Roxanne

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"We each have specific skill sets," said Roxanne, "and we stay in our lane and respect each other. Kevin focuses on sales and marketing while my biggest goal is to enhance the customers' experience."

***Flagship**, continued*

rose in the Flagship organization, Kevin got to know her as well. When Bruce told them he wanted to retire, Kevin and Roxanne decided to join forces, buy the management company and serve as co-CEOs of Flagship, which is ESOP-owned.

A little over two years ago, Jim Casey retired after spending more than 35 years as a timeshare lender. He'd been a lender to Flagship and King's Creek and knew both Kevin and Roxanne. He agreed to join the board of directors and lend his expertise to the operation on a consulting basis.

The Flagship management team has complementary talents. Roxanne handles administration and is very involved with the Atlantic City business community. If you are walking down the boardwalk with her, don't expect to make very good time, because she will be stopped continually by people wanting to discuss some local issue. Roxanne helped found a women's leadership group that mentors underprivileged children and is very active in Wigs and Wishes, which assists children with cancer.

"We each have specific skill sets," said Roxanne, "and we stay in our lane and respect each other. Kevin focuses on sales and marketing while my biggest goal is to enhance the customers' experience. We plan to up our game, and that means upgrading the physical plant, both rooms and amenities, and creating a WOW factor. We want everything at the resorts to be better than it is in their home, and I mean everything—the mattresses, the televisions, the activities. We're not like the casinos where they want you out spending money and don't want you in your room. We want our customers to enjoy their units." During the past few years, Flagship added a lobby bar and Atlantic Palace constructed a full-service spa.

Kevin's forte is sales and marketing, which is the backbone of any timeshare company. He is currently looking at all aspects of Flagship's operation and anticipates making some changes. Atlantic City is like Williamsburg in some ways but very different in others. "We have similar markets for trade shows and lead generation," Kevin said, "but the typical stay in Williamsburg is longer than in Atlantic City, which is a relatively short drive from Philadelphia and New York. There are lots of one-night stays in Atlantic City—a lot of day trippers."

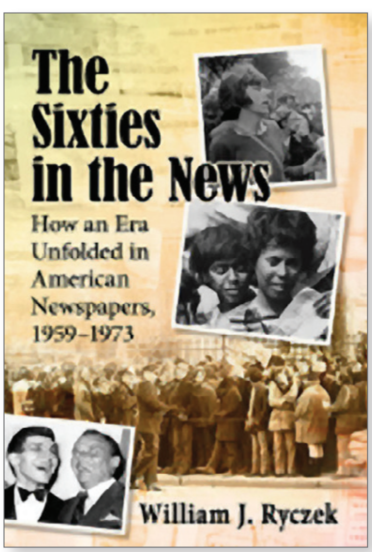
The product is also very different. King's Creek has clusters of detached homes in a rural area while Flagship's two large projects, Flagship Resorts and Atlantic Palace, are high-rises in an urban setting. "Bruce did a good job here," Kevin said, "but we're looking at possibly adding some components to the marketing mix. We'll probably do more overnights and we're looking to get more consistency in the sales presentations by using a podium speaker. The boardwalk has been renovated but we're not getting as many OPC tours as I expected. We'd like to change that."

How is life on the other side of the fence for Jim Casey? "When you're a lender you have all these different customers to worry about," he said. "Presently I only have one company to be concerned with. My role is to help Flagship navigate its way through their lending relationships. This is a part-time gig for me, and it keeps me in the game. I'm really enjoying it. And I know all the lenders' tricks." Darn!

Flagship is the major player in the Atlantic City market; there are other projects, but they are not in active sales. The health of that market is an important element in the company's success, and Atlantic City's health has been questioned in recent years.

Roxanne, who is so deeply involved in the community, is optimistic. "There's definitely a renaissance," she said. "Blighted buildings are being knocked down and a lot of people with a lot of money started buying property here. Hard Rock opened. Ocean (the rebranding and reincarnation of the $2 billion Revel property) is open. People are executing their plans."

Flagship has been a Colebrook customer since 2009. The relationship began because we knew Bruce Kaye, but over the years we've gotten to know Roxanne well and we respect and appreciate her talents. King's Creek has been a customer since 2012, so we know Kevin pretty well. When Jim Casey began his timeshare career in 1982, Bill Ryczek was a co-worker. Roxanne is a champion on the importance of relationships, and those between Colebrook and the Flagship team are deep ones. We expect they will continue for many years and we wish the new management team great success.



Colebrook's Bill Ryczek Publishes New Book on 1960s

Late last year, Colebrook partner Bill Ryczek published his ninth book, *The Sixties in the News.* The Sixties were one of the most remarkable decades in the history of the United States, and almost certainly the most compelling in the lifetime of those of us alive today. *The Sixties in the News* is not a compilation of articles; it uses articles as the basis for short essays that not only describe the subject of the article but provide background and subsequent happenings. Topics include important issues like Vietnam and student protest as well as little-known incidents that define that remarkable era. A chapter on the changing role of women, another on the evolution of marriage, and a third titled "Sex and Drugs and Rock and Roll" speak to the great changes that took place during the decade. *The Sixties in the News,* published by McFarland and Company, an academic press located in North Carolina, is available on Amazon or from McFarland at https://mcfarlandbooks.com/product/the-sixties-in-the-news/.

Big Bank Skills with a Community Bank Attitude
ION Bank's Kevin King

ION Bank Senior Vice President Kevin King played a little basketball at Quinnipiac University in the late 1970s. "The key word is 'little,'" Kevin said recently. "I spent a lot of time sitting on the bench." He put his time on the bench to good use, paying attention to the action and becoming a student of the game. During his senior year, he coached the junior varsity team to an 11-0 record. But the action on the court wasn't the only thing Kevin was watching. The Quinnipiac cheerleaders performed their routines directly across from the bench and a particularly cute pom-pom shaker caught his eye. Shortly after graduation she became Mrs. Karen King.

With bachelors' degree in hand, Kevin, a Long Island native from Valley Stream, New York, took a retail banking job with Manufacturers Hanover. He worked his way up to branch manager, where he met a man named Ed O'Donnell. Kevin accompanied O'Donnell on a couple of commercial customer calls and found he really liked working with small businesses. O'Donnell predicted that Kevin would eventually become bored with branch administration and thought that someone with his education and people skills ought to think about commercial lending.

That led to Citibank, where Kevin completed an eight-month commercial loan training program and set sail into the exciting world of commercial lending. In 1988, Karen convinced him to move to her native Connecticut and he took a job with Centerbank in Waterbury, a big change from the money center banks he'd worked for in New York. "The big New York banks were getting into specialty areas," Kevin said, "like equipment leasing and investment banking and I thought they were losing sight of their customers. At Centerbank our sweet spot was loans from $100,000 to $1,000,000, which was the type of business I liked."

The path that led Kevin to Colebrook Financial was beginning to take shape. The first step was the Quinnipiac cheerleader who married him and convinced him to move to Connecticut. The second was a real estate lender named Jayne Kelly that he met at Centerbank.

At that point, the multi-national banking world set its sights squarely on the back of Kevin King. All he wanted to do was provide financing to small business owners, but for the next two decades, large regional banks like First Union and Hudson United were determined not to let him do it. Wherever Kevin went, they pursued him, acquiring Centerbank, Lafayette American, and Dime Bank of Wallingford in rapid succession.

"It wore me out," Kevin recalled. "I'd go somewhere, build a portfolio, and then we'd get acquired and I'd have to go somewhere else and start all over again. Many of my customers followed me from bank to bank and one of them said to me, 'Why don't I just open an account at Bank of America, because that's where I'll end up eventually. It's just a matter of time.'"

When Dime Bank was acquired, Kevin took the next step on the path to Colebrook Financial by taking a job with Mid-Cap Business Credit, a small asset-based lending company owned and operated by Richard Mount, who Kevin had known at Centerbank. Although Kevin had no experience in asset-based lending, Richard knew he could learn the business. Kevin took courses, did field audits, worked out problem loans, and became a skilled asset-based lender.

The stage was set for the meeting of Kevin King and Colebrook Financial, but it took another acquisition to provide the final impetus. When Mid-Cap was acquired in 2006, he got in touch with an old colleague named Rick Dawson, who told him he and Jayne Kelly were at Naugatuck Savings Bank (now ION Bank) and it was a good place to work. "I liked the fact that ION was a mutual bank," Kevin said, for after years of dodging acquisitions, he was looking for stability.

Naugatuck Savings had a small relationship with Colebrook. The loans always performed well, but they weren't typical of NSB's business and the bank was hesitant to expand the relationship. When Kevin and his asset-based background arrived, Jayne, who was managing the commercial loan department, decided he was the best person to handle the account. "Once I took over," he said, "I realized that the people at Colebrook knew what they were doing and were feeding us some really good business. I liked the structure, where the cash flow was controlled through a lockbox, and thought the deals contained the best elements of asset-based lending without some of the risks. I convinced the bank that we ought to do more."

Kevin's knowledge gave the bank confidence in its ability to work with Colebrook and the relationship has grown significantly. He and the ION credit staff attended several of Colebrook's Lender Education Seminars. "It gave them comfort," Kevin said, "to learn about the industry knowledge and research that goes into the underwriting and they liked the fact that the presentations weren't just rosy predictions--the risks were acknowledged and discussed."

Kevin and Karen, a nurse who provides oversight for home care patients, live in Wallingford, Connecticut. They have three grown children, Jackie, Patrick, and Erin, who have given them five granddaughters, a quintet

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Kevin King, continued

Kevin hopes will comprise the starting lineup for the Quinnipiac women's basketball team in 15 years or so. If that comes to pass, let's hope they keep their attention focused on the court a little more than their grandfather did.

In addition to his penchant for basketball, Kevin is a fan of the New York Mets, and is one of the very few people who attended the first World Series game in Shea Stadium history in 1969 and the first World Series game at Citi Field in 2015. As in his tenure as a basketball coach, Kevin is undefeated as a Mets World Series fan.

When he was at a Colebrook loan closing in December 2013, Kevin told us he was experiencing severe abdominal pain and was going for some tests. Unfortunately, the tests indicated he was suffering from pancreatic cancer, which at that time had a five-year survival rate of just 5%.

We are now more than seven years removed from Kevin's diagnosis, and after a lot of chemotherapy and some top-flight care from the staff at Yale-New Haven Hospital, he remains vibrant, happy, and productive. "A 5% survival rate isn't good," he said recently, "but that means that 5% survive and why can't I be one of them?" He has worked the entire time and found it tremendously therapeutic. "It really helped me," he said, "by keeping me busy and not allowing me to dwell on other things. There were a lot of times when I was sitting in the chemo chair reading a credit analysis or loan writeup."

Kevin's continuing recovery against the odds is a wonderful outcome for his family and all of us who know him, like him, and have worked with him over the years. He's approaching retirement age, which we at Colebrook view with mixed emotions. We know that at some point during the next few years he'll probably decide to call it a career and we'll miss him. But he's earned a leisurely retirement, something he wasn't sure he'd ever see back in 2013, and with the groundwork he's laid with his colleagues at ION, we're confident our relationship will pass into good hands.

Welcome GBG & Associates

When our long time PR Consultant, Sharon Wilson, said she needed to spend more time with her publication, *Resort Trades*, and its online Learning Center platform, she recommended that we engage Georgi Bohrod, RRP of GBG & Associates as her successor. Although we shall miss Sharon and her excellent work, we are pleased to announce that we will be working with Georgi going forward.

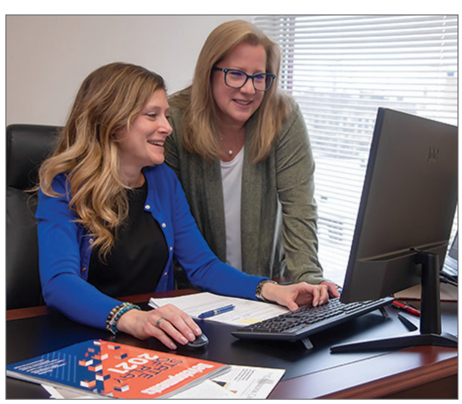
"I've known of Georgi for years," said Colebrook's Bill Ryczek, "and have always thought of her, Sharon, and Marge Lennon as a sort of Holy Trinity of timeshare public relations. We think Georgi can provide assistance in a number of areas, particularly helping us to get more active on social media. In just a few short months, we've already accomplished a lot."

Georgi entered the timeshare industry in the early 80s. As she tells it, she had a job working in a PR agency with three partners who really couldn't stand each other. After one particularly contentious meeting, the partners decided to quit the business — leaving their young staff in the lurch. As they say, one door closed and another opened. Jim Watkins of Winners Circle Resorts International was looking for marketing help. She admits she was afraid to tell her parents that her Northwestern University education was going to "waste" and she was taking a job with a timeshare company. However, after Georgi became the "marketing gal" for the now legendary Carlsbad Inn Beach Resort and became an integral member of the marketing team of Winners Circle it was evident she was on the right path.

Over the years, Georgi developed strategic multi-platform plans for developers, service providers and vacation clubs. Today her small (but mighty) firm, GBG & Associates offers all aspects of marketing communications. She and Colebrook look forward to working together as we move into the new roaring twenties, with optimism for what the future holds for timeshare, vacation clubs and the travel and hospitality world.

Melinda Miramant Becomes a Colebrook Partner

Colebrook CFO Melinda Smith Miramant has been named Partner, effective January 1, 2021. She joined the company in January 2020 as CFO with the understanding that if both parties were happy with the arrangement, she would become an equity owner. Before becoming a member of the Colebrook team, Melinda was a Senior Manager for its independent accounting firm.



"In the year that Melinda has been with Colebrook," said Bill Ryczek, "she's shown us that she's accurate, quick, insightful, and possesses that requirement of every Colebrook partner, a great sense of humor. We're looking forward to being able to travel freely once more and get her out to meet our customers and become more familiar with our industry."

CFO Melinda Miramant (left) and Accountant Maria Stublarec (right) handle all of Colebrook's financial reporting and office administration.

Hang on to That Young Talent

by Bill Ryczek

When I started my first job, shortly after the end of the Spanish-American War, I was making $9,000 per year. But I was young, I was eager, and I was determined to show the world what I could do. When my first salary review came along, I received compliments on my work and a raise of $10 per week, per company policy. It didn't take me long to figure out that, at that rate, it would take several years to get to—say—$15,000 a year. The answer was obvious. I started looking for another job and soon found one paying $12,000 a year. My old employer probably went to the marketplace and found someone to replace me for $12,000 a year.

After a year in the new job and a $20 a week raise, I went looking once more and found a job making $15,000. After a year on that job, however, my experience was different. My employer rewarded me in a fashion that blew me away. The crowning feature was an $1,800 bonus, peanuts to a big company but an awful lot of money to me. I stayed with that company for a long time.

Things haven't changed all that much when it comes to salary administration, where cost control is a major consideration. Most company policies impose limits on the amount of percentage increases that may be given at any time. One of the big problems with this approach is that to an entry level person, an extra 1-2% is immaterial. If they are good performers, they figure out what I did—the only way to get a decent salary increase is to change jobs.

As a result, it is rare that a talented newcomer stays with an organization for a long time. Many a recent graduate with the potential to be a top executive moves on because their manager is prevented from giving them increases commensurate with their value and ability. Compensation policies have a tendency to drive out top performers and retain underperforming employees, who are happy just to keep their job. Most compensation structures cluster salaries around the midpoint of a range, and it is surprising to see how little difference there is between the top and bottom, despite marked differences in performance.

High-performing employees generally get promoted, perhaps frequently, which creates another salary "problem," because limits on increases leave them well below the salary of their peers in the new job. The faster they move up, the more they fall behind; your best employees may also be the most underpaid. That encourages them to jump to a new company, where they can get a fresh start in the salary hierarchy. And you'll probably have to pay significantly more to replace them with an unknown quantity.

A salary structure that underpays the best performers is not a good one, but it's an almost universal concept. Structure is necessary in any large organization, but managers earn their money at the times they make exceptions to policies and procedures. If you have young talent making $40,000 a year and expect that they will end up in a $75,000 a year position, does it matter whether you increase their salary to $42,000 or $46,000 this year? Or to $50,000? The cost to the company is minimal and the value to the employee is great, which is what business is all about. The best transactions transfer something that has minimal value to the giver but great value to the receiver, like taking a hotel room that's not utilized and giving it to someone for free.

When you find a young person with great potential, throw those salary guidelines out the window, because guidelines are geared toward the average person. Stick to them religiously and all you'll get are average people. Think outside the box and you may get some gems.

Socially-Distanced Lending
A Look Back at a Most Unusual Year

There's not much to be said about 2020 that hasn't already been said. It was a long year, which gave us time to think and reflect on what happened and what might be in store for us in 2021.

The Timeshare Industry

Developers

The recent Deloitte report on the timeshare industry for the third quarter of 2020 told us what we expected to hear. Just about everything is down—except delinquency. Sales are down 51.6%, occupancy is down 29%, and delinquencies increased 3.2%, which is probably less than might have been expected at the onset of the pandemic.

Most of Colebrook's developers re-commenced sales efforts in mid-summer. Results were dependent on location. Regional, drive-to resorts bounced back quicker than developers in destinations primarily accessed by air. Those selling in states with higher incidents of infection had difficulty gaining traction. Some regional developers operating in states that were less impacted by the virus equaled or surpassed pre-pandemic sales levels.

The nearly universal experience was diminished tour flow and enhanced sales metrics such as closing percentages and volume per guest (sales volume/tours). The companies reporting for the ARDA survey stated that tour flow was down 66% while VPG increased 31.6%, partly because a greater percentage of tours were "in-house."

None of Colebrook's developers encountered serious financial difficulty. Most were relatively strong and liquid at the start of the pandemic and most also obtained significant amounts of PPP financing. In addition, several accessed accumulated availability in their receivable portfolios to supplement their liquidity. Many still have untapped availability that could be used in 2021, and most are availing themselves of the second round of PPP loans. While liquidity remains good, we expect that most developers' financial statements will show decreased profitability due to declining sales and rental income.

Homeowners' Associations

The majority of HOAs collect fees annually at the beginning of the year, and most 2020 fees were paid before the onset of the pandemic. Payments for 2021 fees are beginning to come in, and a survey of our developer base shows that early collections are down only 1-2% from 2020. That's encouraging. Some HOAs (particularly those at older resorts) own a significant percentage of the inventory and are dependent upon rental income to balance the budget. While some resorts did well, most were fortunate to achieve half of 2019 rentals, which will create a problem for weaker associations. Associations that were strong at the onset of the pandemic should be alright, since their costs were down due to reduced usage and many were able to obtain PPP financing. Older resorts with less stable associations may be in for difficult times and some may have to consider transitioning to an alternative use.

Colebrook Financial

Loan Volume

With our developers shut down for part of the year and operating at reduced capacity for most of it, Colebrook's loan volume was down. Below is a table showing a comparison of Colebrook's 2019 and 2020 monthly funding volume. In June through October 2020 volume was consistently around 50% of 2019 levels. The bubble in November is the result of one large transaction.

Month	2020 versus 2019
January	-19%
February	+13%
March	-40%
April	-3%
May	-80%
June	-44%
July	-53%
August	-53%
September	-57%
October	-48%
November	+281%
December	-42%
Total	**-23%**

Portfolio Performance

The most important component in the Colebrook equation is the health of its receivable portfolio. Thus far, the portfolios have held up well, as seen below:

	Current	60+	Portfolio Annualized Migration Rate	Effective Advance Rate	Colebrook Chargeoffs
12/31/18	95.38%	2.17%	11.00%	72%	-0-
3/31/19	95.42%	2.60%	10.72%	72%	-0-
6/30/19	95.60%	2.39%	11.86%	72%	-0-
9/30/19	95.61%	2.42%	11.36%	73%	-0-
12/31/19	95.45%	2.60%	10.01%	74%	-0-
3/31/20	95.00%	2.79%	10.83%	75%	-0-
6/30/20	95.03%	3.08%	10.39%	74%	-0-
9/30/20	96.04%	2.22%	13.22%	73%	-0-
12/31/20	95.89%	2.56%	14.01%	73%	-0-

The migration rate measures the volume of pledged notes moving to ineligible status on an annual basis. As seen above, Colebrook had no write-offs, although migration within the portfolios increased during the last two quarters of 2020. The structure of our loans (a cushion

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***Socially-Distanced Lending**, continued*

created by the advance rate and interest arbitrage) can easily withstand that level of migration, as seen by the fact that our aggregate advance rate never exceeded 75% and actually declined during the last two quarters while the migration rate rose.

Colebrook gave its developers permission to offer deferments of up to 90 days to customers whose income was interrupted or curtailed due to the pandemic. Deferrals were much lower than anticipated, as shown below:

4/30/20	5/31/20	6/30/20	7/31/20	8/31/20	9/30/20
0.85%	1.30%	1.29%	0.81%	0.47%	0.38%

We stopped tracking aggregate deferrals in September, since they were minimal. Colebrook's statistics compare favorably to those set forth in the ARDA survey, which were 1.3% for the second quarter and 2.4% for the third quarter.

What's in Store for 2021?

Predicting the future is a dicey proposition, particularly in a situation as cloudy as the present. As they did in 2020, predictions hinge upon the timing of a return to "normalcy" and regaining the freedom to travel. Most developers anticipate that travel will pick up during the second half of 2021 and that there will be significant pent-up demand that will translate into more timeshare sales and higher occupancy rates from rental units.

Sales represent upside, which would be nice. As lenders, we are more concerned with protecting against the downside, which is related to the health of our portfolios. As seen above, they held up well in 2020. With a second stimulus plan in place, the odds are good that the portfolio will continue to perform through the end of the pandemic. Bank examiners like to stress test loan portfolios, and in 2020 nature did it for us. Thus far, timeshare portfolios have passed the test.

Construction and development loans might be more problematic, since they are paid through release prices, and without sales, there are no release prices. Another industry concern is the sizable "fee for service" industry, in which large public timeshare development companies agree to sell inventory for unrelated property developers in return for a significant sales and marketing fee. The timeshare companies commit to minimum sales levels, which they have not been able to meet during the past year. That will undoubtedly impact the development loans on the properties, which are the responsibility of the third-party developers.

We made it through 2020 and expect to do the same in 2021. Let's hope the next issue of the *Chronicle* has an article on the return to normalcy and the upcoming travel boom.

Mark to Market:

Mark Raunikar Answers FAQs

Show me the Money — Where does Colebrook get its Money?

Our community bank background didn't provide us with a lot of money to start a lending business. But it did provide us with a great understanding of how bankers think, and many contacts in the industry that helped us obtain the initial funding for Colebrook.

Colebrook has grown significantly since 2003 with our capital increasing through earnings retention and contributions from the principals. The growth in capital has enabled us to expand both the number and the size of our banking relationships. We currently have relationships with ten banks, and for our largest transactions we sell bank participations, which allows us to create capacity for additional business while maintaining the relationships with our customers.

Banks provide the fuel for our business, and while knowing how bankers think is nice, we know it won't matter if we don't perform. We are happy to report that no bank has ever lost a penny doing business with Colebrook, and our goal is to keep that record intact.

Does Colebrook provide HOA Financing?

We have made many loans to timeshare associations, as it is a good complement to our core business of receivable financing. The HOA loans generally range from $300m - $3 million and most often are for capital improvement projects. Associations reserve for periodic replacement and refurbishment, but actual costs can exceed the reserve amounts for a variety of reasons.

If an association is in this situation, it often will bill a special assessment which can be a financial burden to the owner base. If the association can obtain a loan rather than bill a special assessment, the owners benefit as they enjoy the property improvements while the cost of the improvements is spread out over the term of the loan. Happy owners enjoying a well-maintained resort improve the collectability of annual assessments and the health of the association.

Our Lawyer Makes House Calls

Attorney Harry Heller has been practicing law since 1975 and documenting timeshare loans since the mid-1980s. He has represented Colebrook since its inception and has had a relationship with the principals since 1989. In 2020, while remaining a partner in the law firm of Heller, Heller and McCoy, Harry became an equity partner in Colebrook and now spends one day per week in Colebrook's office. Each week, Harry gathers with the partners to review every transaction in process and determine how best to move them forward.

Harry's legal assistant, Rachel Belardo, has worked on Colebrook's loans since 2003, and as of January 1 began spending two days per week at Colebrook's office learning the administrative side of timeshare lending, processing fundings, and preparing management reports.

The legal profession is based upon perfection, and the job of the lawyer and the lender is to temper the quest for perfection with practicality and cost considerations. Having Harry in our office helps that process. "I think there's value in having some legal analysis at the underwriting stage," Harry said, "and understanding the development and the background of the transaction helps me in the documentation process. I'm involved in preliminary deal discussions and have input on structure before the deal is cast in stone."

Many experienced lawyers, after working on commercial transactions for many years, acquire an itch to move toward the other side, and Harry is no exception. "I want to be more involved in the business," he said, "and I expect to spend more time at Colebrook in the future."

Despite these new developments, there's one thing that hasn't changed. The cost of Harry's services remains much lower than that of nearly all lender's counsel. Since most transactions call for borrowers to cover the lender's legal costs, that's a great benefit to Colebrook's customers.

Most of Colebrook's customers are familiar with Harry. Fewer know Rachel. As she worked on our accounts over the years, we noted her work ethic, her intelligence, and her tendency to go above and beyond minimum requirements. We asked if she was interested in getting more involved in the business side of the transactions and, to our delight, she was.

Rachel had never been exposed to the timeshare industry when she began working at Heller, Heller and McCoy. "I started as a clerk," she said, "and I challenged myself to learn more about what Harry did. I found the timeshare deals to be the most interesting." Now that she is involved on the administrative side, "I can see how the numbers side of the equation relates to the legal documents I worked on. I used to wonder what some of those terms in the loan documents meant."

For smaller companies like Colebrook, every partner and employee is critical and we have been both careful and fortunate in selecting the Colebrook team. Having Harry and Rachel around on a regular basis is one more step toward providing our customers with the best service we can muster.