



Colebrook Financial partners (from left to right) include: Founder Bill Ryczek, Harry Heller, Mark Raunikar, Melinda Miramant and Tom Petrisko.

# Unique Niche

This Middletown company finances the timeshare industry; sector consolidation poses a major challenge

By Michael Juliano  
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**C**olebrook Financial, a Middletown-based lender to the timeshare industry, is witnessing a consolidation trend in the sector as hotel brands buy timeshare properties from aging owners.

In March, Colebrook provided a three-year, \$5.8 million loan to the South Carolina-based La Tour Hotels and Resorts to allow its owners to convert the 31-unit timeshare property into a resort hotel.

"When this industry started back in the late '70s, the idea was that you own this (timeshare) forever," said **Bill Ryczek, a principal and founder of Colebrook Financial**. "But when you get into your 80s and you can't travel and your kids don't want it, forever isn't a good thing anymore. Now it's a bad thing because you're paying maintenance fees forever, and people just want out."

Timeshare owners have grown to prefer to own properties for 10 or 20

## AT A GLANCE

### Colebrook Financial

**Industry:** Timeshare lending

**Top Executive:** Bill Ryczek, Founder & Principal

**HQ:** 100 Riverview Center, Middletown

**Gross Assets:** \$150 million

**Website:** colebrookfinancial.com

**Contact:** 860-344-9396

years, instead of passing them down to their kids, he said.

That's creating opportunities for hotel brands — such as Marriott, Hilton and Wyndham — to buy these smaller timeshare resorts and turn them into hotels and/or incorporate them into larger timeshare deals.

The trend is creating a challenge for Colebrook Financial, which primarily lends to independent

timeshare properties.

"We lose our customers when they get acquired," Ryczek said, adding large hotel brands typically get financing through securitization on Wall Street, not from small lenders such as Colebrook. "Here comes Hilton and there goes our customer."

### Diversification play

Ryczek, who grew up in Middletown, founded Colebrook Financial in 2003, after spending 15 years at Liberty Bank, which has long had a big presence in the timeshare lending space.

Ryczek started working at Liberty as a vice president and timeshare manager before moving his way up to executive vice president and chief lending officer.

The Penn State University MBA grad began his banking career in 1979 at Barclays American Business Credit, where he became one of the first bankers in the U.S. to specialize in timeshare lending.

Two other Colebrook partners — **Mark Raunikar** and **Tom Petrisko** — also formerly worked in Liberty Bank's timeshare department.

Colebrook has five partners in an office at 100 Riverview Center in Middletown. It usually has about 15 active customers and provides about \$90 million in financing per year.

Colebrook's main business is receivables lending for timeshare projects, which makes up about 80% of the company's loans.

Such loans are made to timeshare property developers who sell timeshare units to buyers on a credit basis. The developer accumulates a portfolio of notes receivable, which it pledges to Colebrook as collateral for a loan.

The monthly collections from the receivables are forwarded to Colebrook and used to pay the loan.

The developer uses the financing to cover its product, sales and marketing costs and other business expenses.

Ryczek said the other 20% of Colebrook's loans are given to hotel brands that buy timeshare properties, timeshare homeowner associations and vacation clubs.

Colebrook has also started offering loans to small, independent timeshare developers in Mexico and the Caribbean to offset a shrinking number of U.S. customers.

"I look down there because there are a lot of independent developers in Mexico," Ryczek said. "Brands

aren't really down there, so we've tried to find other ways to penetrate different markets."

Colebrook recently financed a timeshare developer in Italy, but the company isn't expecting to do much business in Europe, he said.

"If something came along in Europe, we certainly look at it, but it's outside our wheelhouse," Ryczek said.

Colebrook, which currently has about \$150 million in gross assets and has lent out about \$1.4 billion since its founding, has 11 bank partners that provide its loan funding.

Besides industry consolidation, other challenges that Colebrook faces include competition from larger lending institutions — such as Liberty Bank, National Bank of Arizona and Western Alliance — extreme weather that threatens timeshare resorts and a weakening economy, Ryczek said.

"They say the economy is not in recession, but we can see a lot of defaults going up," he said.

### Declining independent resorts

There are about 1,500 timeshare resorts in the U.S. that generated \$10.6 billion in maintenance fee revenue and \$3 billion in rental income in 2023, according to the American Resort Development Association (ARDA).

Timeshare units sold at an average cost of \$24,170 and directly added about \$35.7 billion to the U.S.

Timeshare owner is 45 years old, and Gen-Z and Millennials account for

57% of all timeshare owners and 76% of new sale purchasers, the ARDA said.

The number of independent resorts is declining in the U.S., due to destruction by extreme weather and consolidation, said **Jason Gamel**, ARDA's president and CEO.

Major deals in recent years included independent timeshare owner Capital Vacations acquiring

Vacation Resorts International Americas (VRI) in 2022 and other independent properties to create a large club system with more than 200 resorts across the U.S., Mexico and the Caribbean, he said.

Hilton Grand Vacations last year bought Bluegreen Vacations in a deal valued at \$1.5 billion. Hilton in 2021 also purchased Diamond Resorts International Inc. in a \$1.4 billion deal.

"We do expect those trends to continue, but most likely not at the same rate we have seen over the past five years," Gamel said.

Despite ongoing consolidation, Gamel said there will always be independent timeshare resorts and operators in the U.S.

"Not all resorts want to be part of a hotel-branded timeshare system, and not every independent resort in the U.S. is a good fit for the hotel-branded timeshare system," he said.

That will still leave potential customers for Colebrook Financial.

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