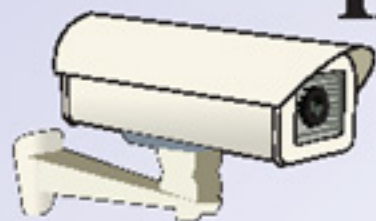


NEW CAMERAS INSTALLED



Causeway has a new camera operated security system for the front desk, maintenance building

and pool buildings. This security system should enhance the security of our owners and deter crime around the facility from happening during the night. So be careful while you're sleepwalking because Big Brother is now watching you!

REPAIRS AND RENOVATION

We have some good news on the repairs and renovations front! Because of the settlement with the developer on past due maintenance fees, we now have more money to spend on upkeep of the units. This fall, we are going to replace the roofs on units 17, 18, 19 and 20. The roofs will be steel roofs, which have an expected life of 50 years. We plan to do two roofs per year going forward, starting with the units that need repair the most.

We are also going to replace living room furniture for approximately 10-12 units by the end of 2007. The management company is currently planning which units will have furniture replaced, and the house and grounds committee is working with them to achieve a good decorating scheme as befits our beautiful units.

More good things will be happening in 2008. Plans to address carpeting needs and come up with a timetable for replacing badly needed carpet is in the works.

GOLD CROWN STATUS

We have been making great progress to regaining our Gold Crown status. As we make repairs to the units we improve our standing with RCI. Our RCI ratings have risen considerably due to the stability of our maintenance and resort staff.

Now that the management company has much of the tumultuous times behind them, things have greatly improved at the resort. We believe we may be only a year away from Gold Crown status again. Please fill out the survey sheets you are given in the units. They are very important.

The Board reviews the ratings, and it gives the management company immediate feedback on how they are doing, and gives them ideas on how to improve their service.

STORM DAMAGE

The Brainerd Lakes area suffered severe storms the week of September 17. The resort lost a number of trees, and suffered some damage to decks and the buildings. Our capable maintenance staff has repaired the damage, and the resort looks no worse for the wear.



NEW UNITS BEING BUILT

We are excited to announce that the Gull Five Residences are now being built and sold. This is the last phase of the resort build-out. We will finally have a complete resort! These units are part of the Causeway on Gull Association just like all of the other units, and will pay maintenance fees to the association and participate in the upkeep of the common areas, maintenance and taxes of the resort.



The developer, COG Partners, LLC is a new developer that is trying to sell fractional shares. By this we mean that when you buy into these units, you buy a 1/8 share.

You have multiple weeks that you own, which rotate over the years so that everyone will have an opportunity for "prime" weeks like the 4th of July every few years.

Because of the fractional share marketing, these units have far fewer owners than the other units in the resort, so it makes sense that if you have only 8 owners in a building, they would want more control over their own upkeep and furnishings, etc.

The Gull Five unit owners are going to be financially responsible for the upkeep of their own units. They will pay fees to the association like everyone else, but they will have a subcommittee of their own for their budgeting process to determine their own needs for internal and external upkeep. This will result in a different maintenance fee assessment for the fractional units. The owners of the fractional shares are full members of the association, and are not "separate". The only difference is they will have the subcommittee to determine their own upkeep. The subcommittee is subject to the Board, and the fees are paid to the Causeway on Gull Association. The owners of the units have no more and no less rights to common assets than the current owners.



Meet the Managers

Jeanette has been our Front Desk Manager since May 2005. She transferred from our Breezy Point location where she had worked at the front desk for three years and now oversees all aspects of the front desk including reservations and activities. With Causeway being affiliated with several exchange companies (RCI, II, and Fairfield) developing an accurate reservations system was her biggest challenge. She does a great job and is always willing to help owners whenever she can.



Jeanette Ayo, Front Desk Manager, Clayton Pederson, Maintenance Manager, and Gladys Mink, Housekeeping Manager, head our team at Causeway.

Clayton is the newest member of our management team. He began working for Narveson in 2004 at our Breezy Point location and transferred to Causeway in 2005. He was promoted to Assistant Manager in 2006, and then Manager this past August. It was probably the easiest transition from assistant to manager that we've had. He is doing an excellent job. Not only does he have extensive mechanical ability, but has a firm grasp on the administrative procedures.

Gladys has probably seen the most change at Causeway. Although she didn't take over the management responsibilities until August 2005, she has worked at Causeway since 1996. She is the quietest of all our managers but we know not to make light of her soft spoken nature. She manages the largest department and knows how to motivate her staff to get a lot accomplished in a short amount of time. With her background and knowledge of the units we are very grateful to have her on our team.

We have a great team at Causeway. They are a close knit group of people who really work well together. We are very proud of all our managers and staff.