

Fall
2005



Newsletter

www.villagewestresort.com

www.sunrisecove.com

E-Mail Address: fun@villagewestresort.com

Dear Sunrise Cove Member:

Pursuant to the Bylaws of the Sunrise Cove Timeshare Association, Inc., notice is hereby given of the Annual Meeting of the Membership to be held on Saturday, October 22, 2005 at 3:00 p.m. at Village West Resort & Hotel, located at 20785 170th Street, Spirit Lake, Iowa. At this meeting of the Membership, we will elect one (1) member (other than the Directors appointed by the Developer) to the Association's Board of Directors and will conduct such other business as may be properly brought before the meeting.

As a thank you to our members, we will again be having a dinner, followed with entertainment in the Convention Center. Dinner will be served from 5:30 p.m. to 6:30 p.m. with entertainment from 7:00 p.m. to 9:00 p.m.

Bonus Time rates for Sunrise Cove Units will be based upon availability. Hotel Rooms will be offered for \$50.00 plus tax per night. Credits may be used for Sunrise Cove Units or the Hotel.

The following Annual Meeting materials are enclosed for your review and/or action: *Revocable Proxy* (allowing you to be represented at the meeting **if you cannot attend**); *Board of Director Candidate Profiles*.

A Certificate Designating Official Voting Member which should be requested from the Association and submitted to the Association Secretary to cover the following circumstances:

- 1) If a unit is owned by more than one (1) person, the person entitled to cast the vote for the Unit shall be designated in this certificate which must be signed by all of the recorded members of the Unit, or
- 2) If a Unit is owned by other than a real person, e.g., a corporation or partnership, the officer, employee, or other individual thereof entitled to cast the vote of the Unit for such legal entity shall be designated in this certificate which must be signed by the President or Vice President, attested by the Secretary or Assistant Secretary in the case of a corporation or a general partner or limited partnership, or by the managing member in case of a limited liability corporation.

(In case where ownership is held by a husband *and* wife, one may sign as though he or she owns the unit individually without any need to establish the concurrence of the absent signature/person.)

Please contact Sunrise Cove at (712) 337-3223 extension 257 and request a *Certificate of Designating Official Voting Member* to be mailed. Remember, the certificate must be returned no later than 48 hours prior to the election.

We look forward to seeing you on Saturday, October 22, 2005 for the Annual Meeting of the Membership. **If unable to attend please return your pre-addressed postage paid proxy card.**

Sincerely,

Michael D. Hoepfner

Michael D. Hoepfner
President
Sunrise Cove Time-Share Association

1 02:10 09/30

Dear Sunrise Cove Member:

As the nights start to cool and the leaves begin to turn one realizes that summer is coming to an end. I have always tried to give credit where credit is due. So - Thank You !! Thank you for taking pride in the condition you left your unit in. Thank you for cleaning up after yourself and your guests. Thank you for setting some rules for your kids and young adults. Thank You for taking the time to find me or leaving a note to let me know how much you appreciate all the work that is being done. As many of you have told me there are always going to be those few that will never be happy and will look for something to complain about. The complainers are one of the main reasons guys like me sell out to the big corporations who never see you or the properties and could care less. I have to admit this is the first fall in four years I have not shook my head at the condition things were in after the summer and questioned the investment my company Iowa Resorts did make.

There are a lot of challenges ahead of us and I don't mean the reconstruction of the units. I am talking about lack of a labor force, taxes, insurance and utilities. These are things that will affect the cost of operations of the association.

The State of Iowa has a law on the books about when school starts and lets out. We need these workers from Memorial Day to Labor Day. (write your congress and senate person)

I have appealed the real estate taxes every year but the current one. There is an increase in values all over the lakes area this year. The current one I believe is fair with the increase in vacation property values. I don't like any increase however hard to fight fair.

As I type this letter I am listening to the news about what is going on with hurricane Karitrina. I can only estimate the amount of increase in our insurance.

Electric and natural gas – who knows? It scares me to death what it could be. Alliant was granted an increase last year across the state. I have contracted some natural gas and propane so we have already saved some.

Docks – The DNR this past summer tried to pass a law to charge for docks like we have at Village West, the cost would have been tremendous. We were able to get it stopped, however they are at it again. (write your congress and senate person) We don't need any more added expenses.

Annual Meeting – Before Iowa Resorts purchased the resort your annual meetings were late fall in the middle of the week first thing in the morning. Ever wonder why? (complainers) I am here every day and or night except four days a month; complain about what goes on, I could spend hours complaining. I moved the meeting to early fall so the roads would be good, moved it to Saturday afternoon with a dinner and dance after the meeting. Ever wonder why? So those of you who really love the resort could get together and we could discuss ways to make sunrise cove better.

Thank you again for pitching in to help make the resort a great place to vacation!

Mike Hoepner

BOARD OF DIRECTORS MEETING MINUTES
SUNRISE COVE TIME-SHARE ASSOCIATION, INC.
August 4, 2005 at 4:00 p.m.

A meeting of the Sunrise Cove Board of Directors was held at Village West Resort & Hotel on the 4th day of August, 2005.

Directors in attendance were Mike Hoepfner, Rod Black, Dr. Jack Belitz and Tom Underwood. Representing Resort Management was Jerry Hendricksen and recording the meeting was Danielle Osgerby.

The meeting was called to order by Mike Hoepfner at 4:00 p.m. in the Conference Room of Village West Resort & Hotel.

Mr. Hoepfner stated that there was a quorum of Board of Directors present.

Mr. Hoepfner presented minutes for the approval of the Board Meeting held on May 12, 2005. Motion made by Tom Underwood to accept the submission of the minutes and seconded by Dr. Jack Belitz. All Ayes. Motion approved.

Resort Operations were reviewed by Jerry Hendricksen.

- Resort is currently operating with a full staff, but staff will start leaving in the next couple of weeks.
- Mr. Hoepfner looked into contract labor but noted that it wouldn't be cost effective for the members.
- Front Desk staff finest in four (4) years. Mr. Hoepfner stated that he has tried to redirect complaints to the Resort Coordinator so that the staff wouldn't quit due to mistreatment from members.
- Shirley DeMuth promoted to Executive Housekeeper, complaints are down from last year.
- Okoboji Baking Company doing well, people enjoy the coffee shop.

Mr. Hoepfner reported on the unfinished business. He stated that the construction on the units will resume after Labor Day.

Mr. Hoepfner noted that a representative from RCI visited the Resort. He stated that the visit included new RCI materials, the reinstating of the 1 in 4 rule and touring the units. The RCI representative stated that the new L units are definitely Gold Crown and discussed options for the older units. He also discussed implementing a point system which can benefit those members who choose to participate. Mr. Black will be following up with RCI concerning this visit.

Mr. Hoepfner reported that the first twenty five (25) replacement couches and chairs have just arrived. Mr. Hoepfner stated that he purchased better hide-a-beds with the best mattresses that could be found. We paid less for these units than past units due to discounts that were given.

Mr. Hoepfner stated that the air conditioning units and heat pump units are in poor shape and need to be replaced. He noted that the Association will need to start expending funds to purchase new air conditioning and heat pump units.

Mr. Hoepfner stated that there have been complaints of smoking smell in the units. He wondered if some type of no smoking sign should be placed in each unit. Mr. Hoepfner asked the Board Members for ideas on how to solve the problem and still keep members content.

Mr. Hoepfner reported on the possible need for a Unit Inspector for the 2006 season. He stated that an inspector might help eliminate the few house-keeping complaints that remain. Mr. Hoepfner noted that the current housekeeping staff does an excellent job; however most staff is young and seasonal. Mr. Hoepfner stated that his biggest concern was locating a person to work every weekend.

Mr. Hoepfner presented the "Save the Park" campaign to the Board Members. Mr. Hoepfner informed the Board that Village West Resort & Hotel will be donating to the fund. The Board has the option to donate to the fund from the Association, providing that this does not pose a legal issue. Tom Underwood made the motion to donate five hundred dollars to the "Save the Park" fund. Motion seconded by Dr. Jack Belitz. All Ayes. Motion approved.

Mr. Hoepfner reported that Iowa Resort Holdings, L.L.C. is hereby giving notice to this meeting that the Recreation License will be cleaned up. He noted that this has not been reviewed in several years.

Mr. Underwood inquired about the new outdoor pool being built by Iowa Resort Holdings. Mr. Hoepfner stated that the project would be finished around the weather. He noted that the rock would have to be packed in the hole since the water table is so high. Mr. Hoepfner stated that it is in Iowa Resort Holdings best interest to get the project completed as soon as possible since concrete costs continue to increase.

Mr. Hoepfner stated that members need to take responsibility for their own actions when it causes injury. The Association has received two or three attempts to collect on insurance claims. Every claim filed is reflected in increases to the Association insurance premiums. Mr. Hoepfner made the motion to the Board to turn these type of claims over to a law firm to contest them. Mr. Underwood seconded the motion. All Ayes. Motion approved.

Mr. Hoepfner reported that the Village Princess will need to be repaired this winter. He stated that the cruises and charters have been very pleasant this summer.

Mr. Hoepfner reviewed the Annual Meeting schedule with the Board. All members agreed that the current schedule is acceptable and the dinner and dance that follows the meeting continues to remain a good tradition. The Annual Meeting Schedule is as follows:

Saturday, October 22, 2005

Board of Directors Meeting at 1:00 p.m.
Annual Meeting at 3:00 p.m.
Organizational Meeting to start following Annual Meeting
Dinner and Dance starting at 5:00 p.m.

Motion to adjourn made by Mr. Hoepfner and seconded by Dr. Jack Belitz. Motion approved. Meeting adjourned at 5:05 p.m.

Candidate Profiles

John F. Belitz, D.D.S. – Omaha, NE
Occupation – Dentist

I am an Omaha Dentist, Father of five children, Grandfather of six, who all enjoy Village West Resort. I am a long-standing time share member and have seen many great improvements, such as new sports facilities – tennis courts, shuffle board court, and basketball court. The indoor swimming pool has been renovated to include what parents greatly appreciate. The hot tub has been refurbished. Indoor putt-putt, game tables, arcade, health club and movies are being utilized.

I would appreciate your vote at the Annual Meeting so I can continue being a part of this progressive blue print to make this a successful community. I want to insure that our families will enjoy this beautiful facility for generations to come. Village West is the most splendid facility on the Great Lakes in Iowa.

Howard W. Bredesen - Coffeyville, KS
Occupation – Retired

I am filing for the office of Vice President of the Sunrise Cove Board of Directors. My wife and I have owned two time share weeks in Sunrise Cove for ten years. I have enjoyed our time spent at Sunrise Cove and I believe I understand what is in the best interest of Sunrise Cove Timeshare Owners.

I earned my B.A. degree from Westmar College in LeMars, Iowa in 1962. I earned a Master of Divinity degree from a United Methodist Seminary and served churches in Minnesota for thirty five years. I retired in 2001 and now live with my wife in Coffeyville, Kansas. I think the administrative, financial and people skills I have learned would serve Sunrise Cove well.

Rental Rates for Timeshare Units

	Members – 70%	Rental Program – 30%	
		Prime Season	Off Season
4 Bedroom Rustic (8)		\$2850	\$1735
3 Bedroom Mansion (8)		\$2750	\$1670
4 Bedroom Lockout (12)		\$3650	\$2200
2 Bedroom Lockout (12)		\$2200	\$1335
2-3 Bdrm Townhouse (6-8)		\$1980	\$1200
1 Bdrm or 1 Bdrm Spa		\$1300	\$770
Spa Studio (4)		\$1150	\$700
Studio (4)		\$1000	\$600

Contact Theresa Black @ (712) 337-3223 ext. 876
rentals@villagewestresort.com

"BOATHOUSE BAKING COMPANY"

*Now that fall is around the corner let us warm your tummy!
Let your taste buds experience our fresh ground coffee &
homemade cinnamon rolls. We invite you to try our delicious
pies, deserts, waffle boats and so much more!*

*So come on over and enjoy those cool mornings on our deck
overlooking beautiful West Lake Okoboji!*

*We will remain open on weekends from 8:00 am to 5:00
pm through September!*

Sunrise Cove

Welcomes all Members, Guests & RCJ Vacationers to a FREE...
Coffee and doughnut party every Monday at 9:00 a.m. in the Vacation Room (Level C).



Certified Public Accountants
Financial Planning
Specialized Services

Report of Independent Auditors

Board of Directors
Sunrise Cove Time-Share Association, Inc.

We have audited the accompanying balance sheet of *Sunrise Cove Time-Share Association, Inc.* as of December 31, 2004, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the *Sunrise Cove Time-Share Association, Inc.*'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Sunrise Cove Time-Share Association, Inc.* as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sunrise Cove Time-Share Association, Inc. has not presented the supplementary information on future major repairs and replacements that the American Institute of Certified Public Accountants has determined is necessary to supplement, although not required to be part of, the basic financial statements.

A handwritten signature in black ink that reads "Goodman & Company". The signature is written in a cursive style, with the ampersand being particularly stylized.

Newport News, Virginia
February 7, 2005

Fountain Plaza One, 701 Town Center Drive, Suite 700
Newport News, VA 23606-4295
ph: 757.873.1033
fax: 757.873.1106
www.goodmanco.com

Sunrise Cove Time-Share Association, Inc.

Balance Sheet

December 31, 2004			
Assets	Operating Fund	Replacement Fund	Total
Cash	\$ 182,000	\$ 453,395	\$ 635,395
Certificates of deposit	-	104,588	104,588
Certificates of deposit - restricted	-	487,677	487,677
Maintenance fees receivable - net of allowance for doubtful accounts of \$342,731	38,116	-	38,116
Prepaid expenses	20,839	-	20,839
Building - net	469,053	-	469,053
	<u>\$ 710,008</u>	<u>\$ 1,045,660</u>	<u>\$ 1,755,668</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable and accrued expenses	\$ 271,468	\$ -	\$ 271,468
Deferred maintenance fees	279,288	-	279,288
Long-term debt	487,677	-	487,677
Total liabilities	<u>1,038,433</u>	<u>-</u>	<u>1,038,433</u>
Fund balance (deficit)	<u>(328,425)</u>	<u>1,045,660</u>	<u>717,235</u>
	<u>\$ 710,008</u>	<u>\$ 1,045,660</u>	<u>\$ 1,755,668</u>

Sunrise Cove Time-Share Association, Inc.

Statement of Revenues, Expenses and Changes in Fund Balances

Year Ended December 31, 2004			
	Operating Fund	Replacement Fund	Total
Revenue			
Maintenance fee assessments	\$ 1,915,943	\$ 230,503	\$ 2,146,446
Bonus draw revenue	132,069	-	132,069
Finance charges	28,939	-	28,939
Real estate tax refund	46,732	-	46,732
Other income	14,853	-	14,853
Village Princess	17,564	-	17,564
Total revenue	<u>2,156,100</u>	<u>230,503</u>	<u>2,386,603</u>
Expenses			
Houskeeping and rooms	674,717	-	674,717
Utilities	381,591	-	381,591
Real estate taxes	62,577	-	62,577
Repairs and maintenance	333,817	-	333,817
Management and consulting fees	144,192	-	144,192
Activities	179,896	-	179,896
Bad debt expense	117,303	19,716	137,019
Insurance	79,491	-	79,491
Administrative and general	106,916	-	106,916
Telephone	18,893	-	18,893
Village Princess	20,352	-	20,352
Replacement property and equipment expenditures	-	239,956	239,956
Total expenses	<u>2,136,145</u>	<u>259,672</u>	<u>2,395,817</u>
Excess (deficiency) of revenue over expenses before other income (expense)	<u>25,955</u>	<u>(29,169)</u>	<u>(3,214)</u>
Other income (expense)			
Interest income	-	12,825	12,825
Interest expense	(17,885)	-	(17,885)
Depreciation	(18,070)	-	(18,070)
Total other expense	<u>(35,955)</u>	<u>12,825</u>	<u>(23,130)</u>
Deficiency of revenue over expenses	<u>-</u>	<u>(7,344)</u>	<u>(7,344)</u>
Fund balance (deficit) - beginning of year	<u>(328,425)</u>	<u>1,033,004</u>	<u>704,579</u>
Fund balance (deficit) - end of year	<u>\$ (328,425)</u>	<u>\$ 1,045,660</u>	<u>\$ 717,235</u>

Sunrise Cove Time-Share Association, Inc.

Statement of Cash Flows

Year Ended December 31, 2004			
	Operating Fund	Replacement Fund	Total
Cash flows from operating activities			
Deficiency of revenue over expenses	\$ -	\$ (7,344)	\$ (7,344)
Adjustments to reconcile to net cash from operating activities:			
Increase in allowance for doubtful accounts	108,354	-	108,354
Depreciation	18,070	-	18,070
Change in:			
Certificates of deposit	-	(7,133)	(7,133)
Maintenance fees receivable	(90,716)	-	(90,716)
Accounts receivable	77,802	-	77,802
Prepaid expenses	2,384	-	2,384
Accounts payable and accrued expenses	(59,080)	-	(59,080)
Deferred maintenance fees	19,233	-	19,233
Net cash from operating activities	<u>75,997</u>	<u>(14,477)</u>	<u>61,520</u>
Cash flows from financing activities			
Principal payments on long-term debt	(9,233)	-	(9,233)
Net cash from financing activities	<u>(9,233)</u>	<u>-</u>	<u>(9,233)</u>
Net change in cash	<u>66,664</u>	<u>(14,477)</u>	<u>52,187</u>
Cash - beginning of year	<u>115,306</u>	<u>467,872</u>	<u>583,178</u>
Cash - end of year	<u>\$ 182,000</u>	<u>\$ 453,395</u>	<u>\$ 635,395</u>
Supplemental disclosures of cash flow information			
Interest paid in cash			\$ 15,078
Income taxes paid in cash			\$ 3,160

Sunrise Cove Time-Share Association, Inc.

Notes to Financial Statements

December 31, 2004

1. Description of the Association and Related Parties

The Association

Sunrise Cove Time-Share Association, Inc. (Association) is a not for profit Iowa corporation organized to operate, govern, administrate and manage the property and affairs of the Sunrise Cove Time-Share Association at Village West Resort (Resort).

The Association is organized to act as the governing association, within the meaning of the Iowa Time-Share Act (Chapter 557A, Iowa Code, (1988)) for the Sunrise Cove at Village West Resort, located on West Lake Okobee, Iowa. The Association is incorporated in the State of Iowa under the provisions of the Iowa Non-Profit Corporation Act (Chapter 504A, Iowa Code, (1988)) and, therefore, shall not be operated for profit and shall make no distribution of income to its members, directors or officers.

The members of the Association are the owners of the unit-weeks committed to interval ownership. Each unit week shall be entitled to one vote in voting by the membership.

The majority of the directors shall be elected by the Developer until three months after 85% of the time-share owners that have been, or ultimately could be, operated by the Association have been conveyed to purchasers of the unit weeks. The remaining directors shall be elected to the board of directors by the membership in accordance with the Association's Articles of Incorporation and By-laws. As of December 31, 2004, the Developer had not turned over control of the Association's board of directors to the unit week owners.

The Resort

The Resort consists of free standing and multi-unit timeshare buildings and timeshare units that were converted from hotel rooms. The Developer (as hereinafter defined) has converted several phases comprising 129 units (and representing 5,805 unit-weeks). The existing units are configured as studios, executive style suites, and as one, two, and three bedrooms. Each unit is subdivided into 45 use periods and 7 bonus weeks. All sales to date have been sold on a fixed-time use basis. The Developer may add additional units on adjacent property.

The Developer

Iowa Resort Holding, L.L.C. (Developer), an Iowa limited liability corporation is the owner and Developer of the Resort. The Developer maintains recreation facilities and common area amenities, and marketing and sales facilities on site. The Developer holds title to all real estate on which all the existing units are built. The type of units added in any expansion will be in the discretion of the Developer. The time-share program may be terminated or amended at any time in the sole discretion of the Developer.

1. Description of the Association and Related Parties (Continued)

The Consultant

Goodmanagement, LLC (Consultant), a Virginia limited liability company, operates in the business of supervision, management and operations of the time-share program and provides the necessary accounting services for the Association. The one-year consulting and accounting agreement expired January 2004 and provides for automatic one-year renewals.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting. Separate fund balances are maintained for the Operating Fund and Replacement Fund based on different funding and statutory policies.

The Operating Fund reflects the operating assessments paid by unit week owners to meet the regular, recurring costs of operations. Expenditures from this fund are for those items connected with the Association's day-to-day activities and for real estate property taxes.

The Replacement Fund is comprised of all assessments paid by unit week owners to fund the future replacement, major repair and purchase of commonly owned assets. Expenditures from this fund are restricted to those items for which assessments were paid.

Accounts receivable at December 31, 2004, represents member assessments outstanding related to unit-weeks sold, collateral is a warranty deed on the unit week. Unit week owners are the only members.

Property and Equipment

As stated in the timeshare ownership documents, real property and common areas and related improvements to such property are not recorded in the Association's financial statements because interests in these properties are conveyed to the individual unit week owners in common, and not to the Association. Additions to these assets are accounted for as expenditures in the Replacement Fund.

In accordance with prevailing industry standards and practices, personal property acquired by the Association, to which it has title, has not been capitalized in the accompanying financial statements. Accordingly, there is no provision for depreciation for these items in the Association's financial statements.

Revenues

The Association assesses an annual maintenance fee based on the annual budget as determined by the board of directors. Each Association member is a unit week owner and a proportionate amount of the maintenance fee is assessed for each unit week. Members are billed in November of each year for the succeeding year's fee. Any such billings collected prior to the beginning of the succeeding year are included in "deferred maintenance fee" on the balance sheet.

3. Summary of Significant Accounting Policies (Continued)

Expense Allocations

With the exception of consulting fees, all expenses, including real estate taxes, are allocated to the Association from the Consultant and the Developer based on invoices received for the entire resort. These allocations vary based on the type of expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Real estate taxes accrued in the amount of \$177,629 are included in accounts payable and accrued expenses on the accompanying balance sheet. This accrual was estimated based on prior real estate tax bills. It is reasonably possible the actual real estate taxes will exceed the amount accrued.

Income Taxes

For 2004, the Association filed its federal income tax return as a regular corporation. As a regular corporation, its (determining taxable income, non-membership income, net of related expenses) is taxed at regular corporate rates. Maintenance fee expenses are deducted from maintenance fee revenues, and reserve assessments reserved for future replacements are not treated as taxable income in accordance with revenue rulings issued by the Internal Revenue Service.

3. Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash on deposit with various banks. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2004, the bank's collected balance exceeded FDIC coverage by \$1,133,101.

With respect to trade accounts receivable, the Company establishes an allowance for doubtful accounts receivable based upon factors surrounding the credit of specific members, historical trends and other information.

4. Building

Building represents 52 unit weeks of a single time share unit. Depreciation expense is applied on the straight-line basis over a period of 27.5 years. Building consists of the following:

Building	\$ 495,910
Less - accumulated depreciation	(27,857)
	<u>\$ 468,053</u>

5. Long-Term Debt

Long-term debt consists of a note payable to the United Community Bank. Payments of principal and interest of \$2,500 per month are required with interest accruing at 3.5%. The note matures in February 2009. Collateral consists of a certificate of deposit. Interest expense on such note amounted to \$17,886 in 2004.

Future minimum principal payments required under the note are as follows:

2005	\$ 12,684
2006	13,148
2007	13,630
2008	14,128
2009	434,987
	<u>\$ 487,677</u>

6. Grant of Easement

The Association has entered into a recreational license with the Developer. The Developer owns the recreational facilities and meeting space as well as all real estate and common areas on which the existing units are built. A fee is paid by time-share estate owners for the use of existing recreational facilities at Village West Resort, and collected through the maintenance assessment. The fee will be calculated as the Association's share of costs to operate and maintain the amenities. These amenities include a 9-hole miniature golf course, docks, one tennis court, two swimming pools, a health club, beach and other common recreational space.

7. The Consulting Company, Consulting Agreement and Financial Operations

Under the terms of the consulting management agreement, Goodmanagement, LLC was granted the authority to provide consulting services to the Association, through employees and experts retained by it, incidental to the consulting and operations of the Resort. The fees paid to Goodmanagement, LLC under this agreement are made up of two components: a consulting fee, which equals 7% of all funds Goodmanagement, LLC is required to collect pursuant to the budget, and a financial services fee which is in consideration for information, services, and financial reports.

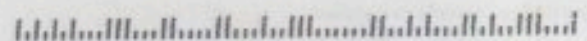


Sunrise Cove at Village West Resort
20785 170th Street
Spirit Lake, IA 51360

PRESORT STANDARD
U.S. POSTAGE
PAID
PERMIT #8
SPIRIT LAKE, IA
51360

GARY J. COPLAN
1014 Yosemite Lane
Brookings, SD 57006
UNITED STATES

57006+4012-1A R008



NOTICE OF ANNUAL MEETING

Village West Resort requests the honor of your presence at the Annual Meeting of the Sunrise Cove Time-Share Association, which will be held at the Resort on Saturday, October 22, 2005 at 3:00 p.m. We will be serving dinner and providing entertainment again this year. Please see details in the newsletter. We look forward to your attendance and participation.

Please RSVP by October 14, 2005 by contacting our Administrative Office at (712) 337-3223 ext. 257.

**For more information about the Lakes area, log on to
IOWAGREATLAKES.com**