

AFTER RECORDING, RETURN TO:

Karen Smith
Resort Resources, Inc.
P.O. Box 1466
Bend, OR 97709

**DECLARATION ANNEXING COMMON AREA
TO RUNNING Y RANCH RESORT**

THIS DECLARATION is made this 19th day of June 1997,
by **RUNNING Y RESORT, INC.**, an Oregon corporation ("Declarant").

RECITALS

A. Declarant is the Declarant under that certain Declaration of Protective Covenants, Conditions, Restrictions and Easements for Running Y Ranch Resort, dated August 2, 1996 and recorded August 2, 1996 in the records of Klamath County, Oregon, in Volume M96, Page 23548 (the "Master Declaration").

B. The Master Declaration provides that additional properties may be annexed to Running Y Ranch Resort pursuant to the provisions of Section 2.2 of the Master Declaration. Declarant wishes to annex the real property described in the plat of Running Y Resort, Phase 1 (the "Additional Property") to the Master Declaration upon the terms and conditions set forth in this Declaration and to designate the Additional Property as Common Area as defined in Section 1.8 of the Master Declaration.

NOW, THEREFORE, Declarant does hereby declare and provide as follows:

1. **DEFINITIONS.** As used in this Declaration, the terms set forth below shall have the following meanings:

1.1 **Additional Property.** Additional Property means Osprey Lane as shown on the plat of Running Y Resort, Phase 1.

1.2 **Master Declaration.** Master Declaration means the Declaration of Protective Covenants, Conditions, Restrictions and Easements for Running Y Ranch Resort, dated August 2, 1996, and recorded August 2, 1996, in the records of Klamath County, Oregon, in Volume M96, Page 23548.

1.3 **Incorporation by Reference.** Except as otherwise specifically provided in this Declaration, each of the terms defined in Article 1 of the Master Declaration shall have the meanings set forth in such Article.

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2. **ANNEXATION.** The Additional Property is hereby annexed to Running Y Ranch Resort and made subject to the Master Declaration on the terms and conditions set forth in this Declaration.

3. **LAND CLASSIFICATIONS.** The Additional Property shall be Common Areas as defined in Section 1.8 of the Master Declaration. There are no Common Easement Areas, Limited Common Areas, Project Common Areas or Public Areas in the Additional Property.

4. **MASTER DECLARATION.** The Additional Property shall be subject to all of the terms and provisions of the Master Declaration.

5. **AMENDMENT.** Section 3 of this Declaration may be amended by Declarant at any time prior to the closing of the sale of the first Lot in the Additional Property. Thereafter, this Declaration may only be amended as provided in Article 14 of the Master Declaration.

6. **BINDING EFFECT.** The Additional Property, including all Lots and Common Areas therein, shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved only in accordance with the provisions of the Master Declaration, as modified by this instrument, which easements, covenants, restrictions, and charges shall run with the Additional Property and shall be binding upon all parties having or acquiring any right, title or interest in the Additional Property, or any part thereof, and shall inure to the benefit of each Owner thereof.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the day and year first set forth above.

RUNNING Y RESORT, INC., an Oregon corporation

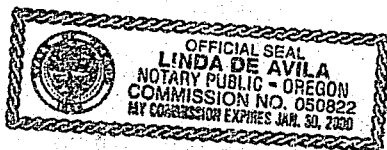
BY Lauri Miller
Its Asst Secretary

STATE OF OREGON

)Ss.

County of

The foregoing instrument was acknowledged before me this 19th day of June 1997 by Lauri Miller, the Assistant Secretary of RUNNING Y RESORT, INC., an Oregon corporation.



Linda de Avila
Notary Public for Oregon

My commission expires: 1-30-2000

Declaration Annexing Common Area
Running Y Ranch Resort

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Running Y Ranch Resort the 25th day of July A.D., 19 97 at 9:44 o'clock A.M., and duly recorded in Vol. M97 of Deeds on Page 23689.

FEE \$15.00
1.50 c.c.

By Bernetha G. Letsch, County Clerk
Kathleen Rose