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AFTER RECORDING, RETURN TO:
 Ms. Lesley Edwards
 Resort Resources, Inc.
 P.O. Box 1466
 Bend, OR 97709

MTC 47751
**DECLARATION ANNEXING LOT 603
 TO
 RUNNING Y RANCH RESORT**

THIS DECLARATION is made this 26th day of March, 1999, 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 Lot 603 of **RUNNING Y RESORT, PHASE 7**, Klamath County, Oregon (the "Additional Property") to the Master Declaration upon the terms and conditions set forth in this 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 Lot 603 of **RUNNING Y RESORT, PHASE 7**, Klamath County, Oregon.

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.

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. The Additional Property contains one Lot and will contain not more than 8 Living Units.

3 **LAND CLASSIFICATION** The Additional Property shall be a multi-family Residential Lot, and each dwelling unit therein shall be a Living Unit

4 **MASTER DECLARATION** The Additional Property shall be subject to all of the terms and provisions of the Master Declaration, except Section 7.16 (Minimum Dwelling Size) and Section 7.20 (Time-sharing or Fractional Interest Ownership) and except that notwithstanding Section 7.8, identification and directional signs are permitted if approved by the Architectural Review Committee. Nothing in the Master Declaration or this Declaration shall be construed as prohibiting multi-family, condominium, timeshare or vacation club uses of the Additional Property

5 **AMENDMENT** This Declaration may be amended by Declarant at any time prior to the closing of the sale of 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 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

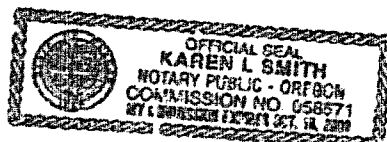
IN WITNESS WHEREOF, Declarant has executed this Declaration as of the day and year first set forth above

RUNNING Y RESORT, INC.
an Oregon corporation

By Jerol E. Andres
Its President

STATE OF OREGON)
)ss.
County of Deschutes)

The foregoing instrument, was acknowledged before me this 26th day of March, 1999, by Jerol E. Andres, the President of Running Y Resort, Inc., an Oregon corporation



Karen L. Smith
Notary Public for Oregon
My commission expires 12-31-2000

Declaration: Annexed to Lot 603

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STATE OF OREGON COUNTY OF CLATSOP

Filed for record at request of Amerititle
on March A.D. 1999 at 11:10 o'clock A.M. and duly recorded in Vol. 899
of Deeds on Page 11066

FTL \$15.00

Linda Smith, County Clerk

by Matthew Ross