

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

Vol M01 Page 41909

mtc 1396-3275
**DECLARATION ANNEXING COMMON AREA
TO
RUNNING Y RANCH RESORT**

THIS DECLARATION is made this 17th day of August, 2001, 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 Resort pursuant to the provisions of Section 2.2 of the Master Declaration. Declarant wishes to the real property described on attached **Exhibit A** (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 all the real property described in the attached **Exhibit A**.

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, as Document No. 96-23548.

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.

3. **LAND CLASSIFICATION.** The Additional Property shall be Common Area as defined in Section 1.8 of the Master Declaration

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

5. **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 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.

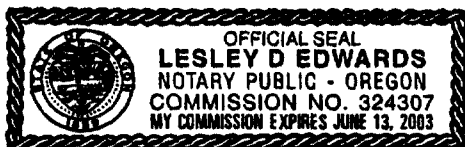
IN WITNESS WHEREOF, Declarant has executed this Declaration as of the day and year first set forth above.

RUNNING Y RESORT, INC.,
an Oregon corporation

By Lauri Miller
Its Asst. Secretary

STATE OF OREGON)
)ss.
County of Deschutes)

The foregoing instrument was acknowledged before me this 17th day of August, 2001, by Lauri Miller, Asst. Secretary of RUNNING Y RESORT, INC., an Oregon corporation.



Lesley D. Edwards
Notary Public for Oregon
My commission expires: 6/13/2003

EXHIBIT A

“Additional Property”

All of the following described property:

Common Areas: Kestrel Road (renamed to Merlin Way) as shown on Running Y Resort, Phase 7 plat recorded in the office of the County Recorder, Klamath County, Oregon.

Martingale Drive (renamed Falcon Drive) to the east boundary of Lot 603 as shown on Running Y Resort, Phase 7 plat recorded in the office of the County Recorder, Klamath County, Oregon.

State of Oregon, County of Klamath
 Recorded 08/20/01 at 11:15 a. m.
 In Vol. M01 Page 41909
Linda Smith,
County Clerk Fee\$ 31.00