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AFTER RECORDING, RETURN TO:

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Lesley Edwards
Resort Resources, Inc.
P.O. Box 1466
Bend, OR 97709

MTC 1396-3180
**DECLARATION ANNEXING PHASE 1
OF VIEW POINT HOMESITES
TO RUNNING Y RANCH RESORT**

THIS DECLARATION is made this 28th day of September 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 Ranch Resort pursuant to the provisions of Section 2.2 of the Master Declaration. Declarant wishes to annex real property described in the plat of Running Y Resort, Phase 10 (the "**Additional Property**") to the Master Declaration upon the terms and conditions set forth in this Declaration and to designate the Additional Property as Phase 1 of the View Point Homesite Project.

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 within the plat of Running Y Resort, Phase 10, with the exception of Lot 816.

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.

3. **PROJECT.** View Point Homesites is hereby declared to be a Project for purpose of the Master Declaration and the Residential Lots with the Additional Property shall be a Project parcel for purposes of the Master Declaration.

4. **LAND CLASSIFICATIONS.** The Additional Property is included in one or another of the following classifications:

4.1 **Residential Lots.** Lots 781 - 815 and Lots 817 - 826 within the Additional Property shall be Residential Lots as defined in Section 1.32 of the Master Declaration.

4.2 **Common Areas.** Common Area "A" as platted in the plat of Running Y Resort, Phase 10, and as defined in Section 1.8 of the Master Declaration.

4.3 **Project Common Areas.** Cooper's Hawk Road, Common Area "B" shall be Project Common Areas as defined in Section 1.28 of the Master Declaration.

4.4 **Common Easement Area.** The 15-foot Emergency Access Easement area over Lot 781 and Lot 826, as shown on the plat of Running Y Resort, Phase 10, shall be Common Easement Area as an access easement for the use and benefit of all Lots within Running Y Ranch Resort as defined in Section 1.9 of the Master Declaration.

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

6. **ADDITIONAL RESTRICTIONS.** The Additional Property shall be subject to the following additional restrictions:

6.1 **Project Policies and Procedures.** In addition, the Association from time to time may adopt, modify or revoke such policies and procedures governing the conduct of persons in the operation and use of Lots, Living Units and Project Common Areas within View Point Homesites as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of View Point Homesites. A copy of the Policies and Procedures, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be furnished by the Association Board of Directors to each Owner within View Point Homesites and shall be binding upon all Owners and occupants of all Lots within View Point Homesites upon the date of delivery. The method of adoption of such Policies and Procedures shall be as provided in the Bylaws of the Association.

6.2 **Project Assessments.** The costs of maintenance of Project Common Area, together with the costs of enforcing the restrictions contained in this Declaration, including reasonable administrative costs relating thereto, shall be assessed to each Lot within View Point Homesites on an equal basis as Project Assessments and enforced as Individual Assessments under the Master Declaration.

6.3 **Leasing of Living Units.** "Leasing," for purposes of this Section, is defined as regular, exclusive occupancy of a Living Unit by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing, and must have a minimum lease term of 28 days or longer. Notice of any lease, together with such additional information as may be required by the Association, shall be given to the Association by the Owner within 10 days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, Master Declaration, Bylaws, and Policies and Procedures.

7. **AMENDMENT.** 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 by the vote or written consent of Owners owning not less than seventy-five percent (75%) of the Lots within View Point Homesites, together with the written consent of the Class B member of the Association, or if a Project Association has been established, the written consent of the Class B member of the Project Association for View Point Homesites, if such Class B membership has not been terminated. Any such Amendment shall become effective only upon recordation in the Deed Records of Klamath County, Oregon, of a certificate of the President or Secretary of the Association, or of the Project Association if a Project Association has been established, setting forth in full the amendments so approved and certifying that the Amendment has been approved in the manner required by this Declaration. In no event shall such an Amendment create, limit or diminish special Declarant rights without Declarant's written consent.

8. **BINDING EFFECT.** The Additional Property, including all Lots, Common Areas, Common Easement Areas and Project 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. Declarant may assign its status as Declarant under this Declaration to a Successor Declarant for View Point Homesites.

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RUNNING Y RESORT, INC., an Oregon
corporation

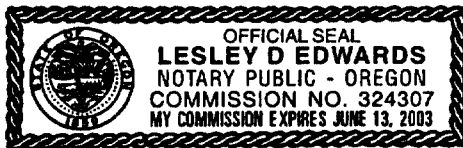
BY Lauri Miller
Its Asst. Secretary

STATE OF OREGON

)Ss.

County of Klamath

The foregoing instrument was acknowledged before me this 28th day of September,
2001 by Lauri Miller, the Asst. Secretary
of RUNNING Y RESORT, INC., an Oregon corporation.



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

State of Oregon, County of Klamath
Recorded 10/01/01 at 11:13 a m.
In Vol. M01 Page 50048
Linda Smith,
County Clerk Fee \$ 36⁰⁰