

MT013914-8992  
AFTER RECORDING, RETURN TO:

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

2007-015943  
Klamath County, Oregon



09/11/2007 11:24:25 AM

Fee: \$36.00

**DECLARATION OF ANNEXATION  
COMMERCIAL LOT TO  
RUNNING Y RANCH RESORT  
(Parcel 2, Land Partition No. 33-07)**

**THIS DECLARATION OF ANNEXATION COMMERCIAL LOT TO RUNNING Y RANCH RESORT** is made as of this 7<sup>th</sup> day of September, 2007, by **RUNNING Y RESORT, INC.**, an Oregon corporation ("**Declarant**").

**Recitals**

A. Declarant is the Declarant under the Declaration of Protective Covenants, Conditions, Restrictions and Easements for Running Y Ranch Resort recorded August 2, 1996 in the Records of Klamath County, Oregon, in Volume M96 at page 23548 (the "**Declaration**"). In addition, Declarant is the Declarant under that certain Declaration of Annexation Commercial Lots to Running Y Ranch Resort dated October 10, 2005 and recorded October 14, 2005 in the Records of Klamath County, Oregon in Volume M05 at page 66609 (the "**Commercial Declaration**"). The definitions contained in the Declaration and Commercial Declaration are hereby adopted by reference.

B. Pursuant to Section 2.2 of the Declaration, Declarant wishes to annex certain Commercial Lots to Running Y Ranch Resort as Additional Property and subject the same to the Declaration and the Commercial Declaration.

**NOW, THEREFORE**, Declarant hereby declares as follows:

1. **PROPERTY ANNEXED.** Declarant hereby declares that all of the property described below shall be annexed to Running Y Ranch Resort and the Declaration as Additional Property and that such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the Declaration, the Commercial Declaration and this Declaration of Annexation:

Parcel 2, Land Partition No. 33-07, Klamath County, Oregon.

Running Y Ranch Resort – Parcel 2/33-07 Annexation

1

AMERITITLE, has recorded this instrument by request as an accommodation only, and has not examined it for regularity and sufficiency or as to its effect upon the title to any real property that may be described therein.

30 ANT

2. **LAND CLASSIFICATIONS.** Each of the Lots within the Additional Property annexed shall be a Commercial Lot for purposes of the Declaration and the Commercial Declaration.

3. **APPLICATION OF DECLARATION.** The Additional Property shall be subject to the provisions of the Declaration, except as follows:

3.1 **Use Restriction and Architectural Review Committee.** Commercial Lots shall not be subject to Article 7 of the Declaration, containing restrictions on use of Residential Lots, or Article 8, relating to the Architectural Review Committee.

3.2 **Amendments.** No amendment to the Declaration under Section 14.1 of the Declaration shall be applicable to Commercial Lots unless approved by seventy-five percent (75%) of the Voting Units of Commercial Lots.

4. **APPLICATION OF COMMERCIAL DECLARATION.** The Additional Property shall be subject to the provisions of the Commercial Declaration, except as follows:

4.1 **Structures Permitted.** The Additional Property shall not be subject to Section 4.1 of the Commercial Declaration which permits structures with the approval of the Commercial Architectural Review Committee.

4.2 **Limitations on Open Fires.** The Additional Property shall not be subject to Section 4.13 of the Commercial Declaration which permits certain outdoor cooking facilities on a Commercial Lot.

4.3 **Assessments.** The Additional Property shall not be subject to Section 7 of the Commercial Declaration, as the obligations with regard to Assessments for the Additional Property shall be as set forth in Section 6 herein.

5. **ADDITIONAL RESTRICTIONS ON USE OF ADDITIONAL PROPERTY.** The Additional Property shall be subject to the following additional restrictions on use:

5.1 **Structures Prohibited.** No structures shall be erected or permitted to remain on the Additional Property annexed pursuant to this Declaration of Annexation except as may expressly be permitted and approved by Declarant.

5.2 **Commercial Use Limitations.** In addition to the provisions of Section 4.2 of the Commercial Declaration, the use of the Additional Property is further restricted to permit only ingress and egress and vehicle parking to serve adjacent Commercial Lots and other property as provided in Section 7 herein. No other uses are permitted except as may expressly be approved by Declarant.

5.3 **No Open Fires.** No incinerators, open fires or any type of outdoor cooking facilities shall be kept or maintained on the Additional Property.

6. **ASSESSMENTS.** The Additional Property shall be allocated three Assessment Units for purposes of Section 11.3(b) of the Declaration. Assessments, including Assessments

for reserves, shall commence for the Additional Property upon recording of this Declaration of Annexation. The owners, tenants, occupants and customers of the Additional Property shall not have any rights to use the Sports and Fitness Center and shall not be responsible for any of the costs of operating or maintaining the Sports and Fitness Center.

7. **SHARED PARKING AND ACCESS EASEMENT.** Declarant grants a blanket perpetual Shared Parking and Access Easement over Parcel 2, Land Partition No. 33-07, Klamath County, Oregon (“**Parcel 2**”) to be referred to herein as the “**Parking Easement**”. Such Parking Easement shall be for the purposes of ingress and egress across the easterly portion of said parcel for access to and egress from Parcel 1, Land Partition No. 33-07, Klamath County, Oregon (“**Parcel 1**”), and for use by the owner of Parcel 1 to accommodate vehicle parking for its facilities and events. The Parking Easement shall be for the benefit of, and appurtenant to, Parcel 1, and shall be subject to the following use restrictions and covenants:

7.1 **No Obstructions.** All asphalt areas of Parcel 2 designated for ingress and egress and vehicle parking shall be maintained free and clear of any obstruction, whether temporary or permanent.

7.2 **Indemnity.** The Owners sharing the Parking Easement shall forever indemnify, defend and hold each other harmless against any loss, claim or liability arising in any manner out of the use of the Parking Easement by such Owner, or such Owners’ tenants, invitees or guests.

7.3 **Enforcement.** The Association shall have the right to enforce all of the provisions of this Parking Easement effecting the Commercial Lots and benefited property and Owners sharing the Parking Easement.

## 8. **AMENDMENT.**

8.1 This Declaration of Annexation may be amended by either of the following methods: (a) by amendment of this Declaration of Annexation approved by not less than seventy-five percent (75%) of the Voting Units of Commercial Lots within Running Y Ranch Resort, together with the written consent of the Class B member, if such Class B membership has not been terminated as provided in the Declaration, or (b) prior to the date that all of the Commercial Lots in the Additional Property have been conveyed to Owners other than a successor Declarant, by a vote or written consent of the Owners of seventy-five percent (75%) of the Commercial Lots in the Additional Property, together with the written consent of the Class B member, if such Class B membership has not been terminated as provided in the Declaration.

8.2 In no event shall an amendment under this Section 8 create, limit or diminish special Declarant rights without Declarant’s written consent, or change the boundaries of any Commercial Lot or any uses to which any Commercial Lot is restricted under this Declaration of Annexation or change the method of determining liability for common expenses, the method of determining the right to common profits or the method of determining voting rights of any Commercial Lot unless the Owners of the affected Commercial Lots unanimously consent to the amendment.

8.3 Any such amendment shall become effective only upon recordation in the Deed of Records of Klamath County, Oregon of a certificate of the president and secretary of the Association setting forth in full the amendment so approved and certifying that such amendment has been approved in the manner required by the Declaration or this Declaration of Annexation, as applicable, and ORS 94.590, and acknowledged in the manner provided for acknowledgement of deeds.

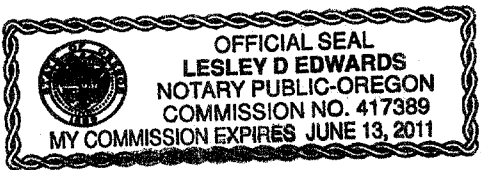
IN WITNESS WHEREOF, Declarant has executed this Declaration of Annexation as of the day first written above.

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 7<sup>th</sup> day of September, 2007, by Jerol E. Andres, President of Running Y Resort, Inc., an Oregon corporation, on its behalf.



Lesley D. Edwards  
Notary Public for Oregon  
My commission expires: 6/13/2011