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After Recording Return To:
Ball Janik LLP
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Bend, OR 97702
Attn.: Laura Craska Cooper

**SECOND AMENDMENT TO DECLARATION OF PROTECTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
DESCHUTES RIVER RANCH**

THIS SECOND AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR DESCHUTES RIVER RANCH (this "Amendment") is made and entered into effective as of this 20 day of July 2012.

RECITALS

A. Deschutes River Ranch Group LLC, an Oregon limited liability company ("Declarant") executed that certain Declaration of Protective Covenants, Conditions and Restrictions for Deschutes River Ranch dated as of 03/11/2003, which was recorded in the official records of Deschutes County, Oregon on 03/11/2003 as Document No. 2003-16201 (as amended from time to time, the "Declaration"). The Declaration benefits and burdens the real property described in the Declaration.

B. The Declaration calls for the Declarant to turn over administrative control of the community of Deschutes River Ranch to the Owners upon the occurrence of certain events, which have not yet happened, largely because of a slowdown in the real estate market, which has resulted in a slower-than-anticipated completion of development of the community. The Board of Directors of the Association has asked the Declarant to turn over administrative control of the Association to the Owners. Developer is willing to turn over administrative control to the Owners, provided that Declarant can retain certain rights granted to it under the Declaration, which rights are necessary to allow Declarant to complete the development of Lots within Deschutes River Ranch and which rights terminate under the current language of the Declaration upon turn over of administrative control of the Association.

C. The Board of Directors put forth this proposed amendment to the Declaration, which was approved by a vote of the Owners in accordance with the terms of the Declaration and ORS 94.590, and to which Declarant consents.

AMENDMENT

NOW, THEREFORE, the Declaration is hereby amended as follows:

1. TURNOVER

1.1 Section 2.4 is hereby amended to provide that the Turnover Meeting shall occur not later than August 31, 2012. Except as amended herein, turnover shall occur in accordance with the terms of the Declaration.

1.2 Special Declarant Rights. Notwithstanding Turnover, all of Declarant's special rights under the Declaration that are necessary to complete the development of Lots within the community of Deschutes River Ranch shall continue.

1.2.1 Retained Declarant Rights. Without limiting the generality of the above Section 1.2, the special Declarant rights that Declarant is retaining include those that

are generally necessary to permit Declarant to complete the development of the community, including, the development of additional Estate Lots. Specifically, these rights include, without limitation, the following:

(a) The right to convert portions of the easement areas described in Section 6.1 of the Declaration to Estate Lots. Thus, Declarant shall continue to have the unilateral right to amend the easement to remove portions of land from the various easements and convert such land to Estate Lots as provided in Section 6.1.

(b) The rights of Declarant in Section 6.1.E to convey some or all of the easement areas; and the right to add land to any of the easement areas described in Section 6.1 of the Declaration.

1.2.2 Terminated Declarant Rights. Notwithstanding the foregoing terms of Sections 1.2 and 1.2.1, upon the occurrence of the Turnover Meeting in accordance with Section 2.4 of the Declaration, Declarant control over the operation of the Association shall terminate. Among the Declarant rights that will terminate upon turnover are the following:

(a) The right to appoint, terminate, and replace members of the Board of Directors;

(b) The right to appoint, terminate, and replace members of the Design Review Committee and, therefore, the related right to amend, modify or revise the Design Manual;

(c) Except for the rights reserved pursuant to Section 1.2.1(b) above, the right to designate additional Common Maintenance Areas;

(d) Preferential voting rights established in Section 2.2.B of the Declaration;

(e) Except for the rights reserved pursuant to ORS 94.590.1(b)(A), the right of Declarant to consent to amendments to the Declaration.

2. Approval. By execution of this Amendment, the President and Secretary of the Association hereby certify that this Amendment has been approved in accordance with the Declaration and ORS 94.590 and may be executed and recorded as set forth in ORS 94.590. Declarant hereby executes this Amendment to certify that it consents to the terms hereof.

3. Effect of Amendment. To the extent any provision of the Declaration conflicts with or is in any way inconsistent with this Amendment, the Declaration shall be deemed to conform to the terms and provisions of this Amendment. Except as specifically set forth herein, the Declaration is unmodified and remains in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Amendment effective as of the date set forth above.

ASSOCIATION:

DESCHUTES RIVER RANCH COMMUNITY ASSOCIATION, INC., an Oregon nonprofit corporation

By: [Signature]
Name: SVEN VON HEIDEN
President

By: N/A
Name: N/A
Secretary

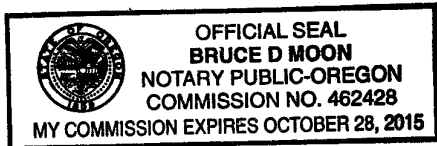
DECLARANT:

DESCHUTES RIVER RANCH GROUP LLC, an Oregon limited liability company

By: [Signature]
Name: CRAIG MORTON
Title: OWNER / MANAGER

STATE OF OREGON)
County of DESCHUTES) ss.

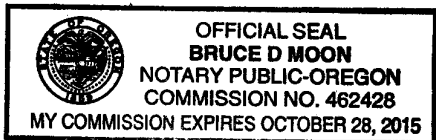
The foregoing instrument was acknowledged before me on this 5th day of Sept. 2012, by Sven Von Heiden and (N/A), who are the President and Secretary, respectively, of Deschutes River Ranch Community Association, Inc., an Oregon nonprofit corporation, on behalf of the nonprofit corporation.



[Signature]
Notary Public for OREGON
My Commission Expires: OCT. 28, 2015

STATE OF OREGON)
County of DESCHUTES) ss.

The foregoing instrument was acknowledged before me on this 28th day of August 2012, by Craig Morton, who is the owner-mgr. of Deschutes River Ranch Group LLC, an Oregon limited liability company, on behalf of the company.



[Signature]
Notary Public for OREGON
My Commission Expires: OCT 28, 2015