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AFTER RECORDING RETURN TO:

Ball Janik LLP  
15 SW Colorado Avenue, Suite 3  
Bend, OR 97702  
Attn: Laura Craska Cooper

**DECLARATION OF ANNEXATION OF REAL PROPERTY TO  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
OF THE ESTATES AT PRONGHORN**

This DECLARATION OF ANNEXATION OF REAL PROPERTY TO  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE  
ESTATES AT PRONGHORN (this "Declaration") is made this 26 day of June  
2008, by Pronghorn Investors LLC, a Delaware limited liability company ("Declarant").

Recitals

A. High Desert Development Company LLC, an Oregon limited liability company ("HDDC"), recorded that certain Declaration of Covenants, Conditions and Restrictions of The Estates at Pronghorn in the official records of Deschutes County, Oregon on December 6, 2002 as Document No. 2002-68439 (the "Original CC&Rs"), as supplemented by that certain Declaration of Annexation of Real Property to Declaration of Covenants, Conditions and Restrictions of The Estates at Pronghorn, recorded in the official records of Deschutes County, Oregon on August 27, 2003 as Document No. 2003-58946 (the "Phase 2 Declaration") and that certain Declaration of Annexation of Real Property to Declaration of Covenants, Conditions and Restrictions of The Estates at Pronghorn, recorded in the official records of Deschutes County, Oregon on November 10, 2004 as Document No. 2004-67480 (the "Phase 3 Declaration"), and that certain Declaration of Annexation of Real Property to Declaration of Covenants, Conditions and Restrictions of The Estates at Pronghorn, recorded in the official records of Deschutes County, Oregon on May 25, 2005 as Document No. 2005-32311 (the "Phase 4 Declaration"). The Original CC&Rs, as supplemented by the Phase 2 Declaration, the Phase 3 Declaration and the Phase 4 Declaration are hereinafter referred to as the "CC&Rs."

B. HDDC assigned all of its rights and obligations as the declarant under the CC&Rs to Declarant and Declarant assumed all such rights and obligations pursuant to that certain Assignment and Assumption of Declarant Rights and Obligations recorded in the official records of Deschutes County, Oregon on September 16, 2005 as Document No. 2005-62412.

C. On June 24, 2008, Declarant recorded the plat of the Estates at Pronghorn, Phase 6 in the official records of Deschutes County, Oregon as Document No. 2008-26996 and in Plat Cabinet H, Pages 759-767, platting that certain real property described therein (the "Annexed Property") as 79 individual residential lots (each, an "Annexed Lot" and collectively, the "Annexed Lots").

**Recorded by Western Title as an  
accommodation only. No liability  
accepted for condition of title or  
validity, sufficiency or affect of  
document.** 3

D. Pursuant to Article III of the CC&Rs, Declarant desires to annex the Annexed Property to the real property that is subject to the CC&Rs, upon the terms and conditions contained in this Declaration.

NOW, THEREFORE, Declarant hereby declares that the Annexed Property shall be held, sold and conveyed subject to the CC&Rs, the Bylaws and the terms of this Declaration and that the easements, covenants, restrictions and charges contained in the CC&Rs, the Bylaws and herein shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in the Annexed Property, or any part thereof, and shall inure to the benefit of each owner thereof.

#### ARTICLE 1 DEFINITIONS

Except to the extent otherwise defined herein, capitalized terms used in this Declaration shall have the meanings ascribed to such terms in the CC&Rs.

#### ARTICLE 2 ANNEXATION OF PROPERTY

The Annexed Property is hereby annexed to and made a part of the Property, and is owned and shall be owned, held, conveyed, hypothecated, encumbered, used, occupied and improved in perpetuity, subject to the easements, covenants, restrictions and charges contained in the CC&Rs, as modified or supplemented by the terms of this Declaration. Commencing as of the date hereof, all of the covenants, conditions and restrictions of the CC&Rs shall apply to the Annexed Property in the same manner as if it were originally covered by the CC&Rs. Each of the Annexed Lots shall constitute a "Lot" under the CC&Rs.

#### ARTICLE 3 MEMBERSHIP IN ASSOCIATION

The Owner of each Annexed Lot shall become a member of the Association and shall be entitled to voting rights as set forth in the CC&Rs and the Bylaws. Ownership of each Annexed Lot shall be subject to the terms of the Bylaws.

#### ARTICLE 4 ASSESSMENTS

The Annexed Lots shall be subject to assessment in the manner and on the terms set forth in the CC&Rs. Assessments for the Annexed Lots shall commence on the first day of the first month following the month in which the first Annexed Lot is conveyed to an Owner unrelated to Declarant.

#### ARTICLE 5 ARCHITECTURAL AND LANDSCAPE DESIGN GUIDELINES

The Architectural Design Committee, from time to time and in its sole discretion, may adopt a separate set of Architectural and Landscape Design Guidelines that applies solely to the Annexed Lots (the "Phase 6 Architectural and Landscape Design Guidelines"). The Annexed Lots shall be subject to the Phase 6 Architectural and Landscape Design Guidelines as well as any other Architectural and Landscape Design Guidelines adopted by the Architectural Design Committee for the Lots. In the event of a conflict between the Phase 6 Architectural and

Landscape Design Guidelines and any other Architectural and Landscape Design Guidelines, then the Phase 6 Architectural and Landscape Design Guidelines shall apply to the Annexed Lots.

#### ARTICLE 6 COMMON AREAS AND COMMON MAINTENANCE AREAS

The Common Areas included in the Annexed Property, and which shall be conveyed to the Association not later than the Turnover Meeting, are identified on the Plat as Common Areas "A," "B," "C," "D," "E" and "F" and as private ways, roadways and roads and include all Improvements located thereon now or in the future.

Until the Turnover Meeting, Declarant reserves the right, in its sole discretion, to (i) install, construct, repair, replace and/or maintain on any of the Common Areas such roads, other Improvements (which shall include, without limitation, landscaping and lighting) and utilities as it shall deem advisable in its sole discretion; and (ii) grant such easements and/or impose such use restrictions, in the name of the Association, related to such roads, other Improvements and/or utilities, as it shall deem advisable in its sole discretion. Accordingly, an easement is hereby reserved for Declarant to enter upon the Common Areas, including all roads within the Annexed Property, for purposes of installing, constructing, repairing, replacing and/or maintaining roads, other Improvements and/or utilities on any of the Common Areas. Upon construction, any such roads, other Improvements and, subject to the terms of applicable Easements, such utilities, shall be Common Areas of the Association. The use of such roads, other Improvements and utilities shall be subject to any applicable recorded easements and use restrictions, any applicable governmental permits and laws and to such rules and regulations as may be established by the Association from time to time. The maintenance, repair and replacement of such roads and other Improvements shall be the responsibility of the Association. The Association shall be responsible for the maintenance, repair and replacement of those utilities that it owns or for which it has contractual or other obligations to maintain, repair and/or replace, including, without limitation, the Sewer System.

#### ARTICLE 7 AMENDMENTS

7.1 Term and Amendments. The covenants and restrictions of this Declaration shall run with and bind the Annexed Property for so long as the CC&Rs are valid. This Declaration may be amended in the same manner as the CC&Rs may be amended, pursuant to Section 13.1 of the CC&Rs. Declarant may, at its sole discretion and without consent being required of anyone, modify, amend or repeal this Declaration at any time before the closing of the sale on the first Annexed Lot, provided said amendment, modification, or repeal is in writing and properly recorded in the official records of Deschutes County, Oregon. Declarant further reserves the right at any time to amend this Declaration, or any amendment hereto, in order to correct scrivener's errors. In no event shall an amendment pursuant to this Section create, limit, or diminish Declarant's special rights without Declarant's written consent or change the boundaries of any Lot or any use to which any Lot is restricted unless the Owners of the affected Lots consent to the amendment.

7.2 Regulatory Amendments. Notwithstanding the provisions of Section 7.1 of this Declaration, until the Turnover Meeting described in the Bylaws and CC&Rs, Declarant shall have the right to amend this Declaration, the CC&Rs or the Bylaws in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of any department, bureau, board, commission or agency of the United States or the state of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the state of Oregon that insures, guarantees or provides financing for a planned community or lots in a planned community or to comply with the Oregon Planned Community Act.

ARTICLE 8 MISCELLANEOUS PROVISIONS

8.1 Non-Waiver. Failure by the Association or by any Owner of an Annexed Lot to enforce a covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

8.2 Construction; Severability. This Declaration and the CC&Rs shall be liberally construed as one document to effect the annexation of the Annexed Property to the Property. Nevertheless, each provision of this Declaration and the CC&Rs shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.

8.3 Run with Land. This Declaration and the covenants, conditions and restrictions described herein shall run with the land and shall be binding on the parties and any person acquiring any right, title, or interest in the Annexed Property.

8.4 Termination. This Declaration shall terminate upon the termination of the CC&Rs in accordance with the terms thereof.

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Signature Page Follows)*

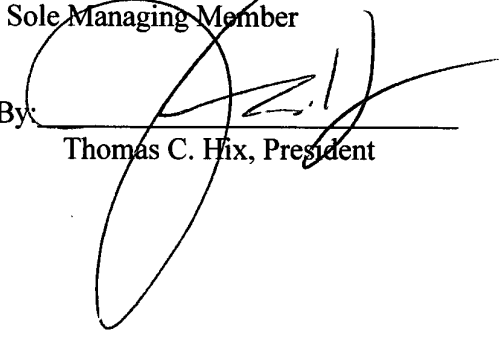
IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date first set forth above.

DECLARANT: PRONGHORN INVESTORS LLC, a Delaware limited liability company

By: MS-Pronghorn Holding Company, LLC, a Delaware limited liability company  
Its: Sole Member

By: High Desert Development Partners, LLC, a California limited liability company  
Its: Administrator

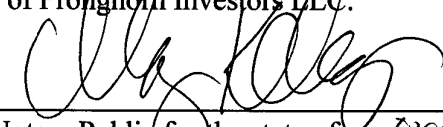
By: Northwest Resort Development, Inc., a California corporation  
Its: Sole Managing Member

By:   
Thomas C. Hix, President

State of Oregon )  
County of Deschutes ) ss.

This instrument was acknowledged before me this 20<sup>th</sup> day of June 2008, by Thomas C. Hix, the President of Northwest Resort Development, Inc., a California corporation, the Sole Managing Member of High Desert Development Partners, LLC, a California limited liability company, the Administrator of MS-Pronghorn Holding Company, LLC, a Delaware limited liability company, the Sole Member of Pronghorn Investors LLC, a Delaware limited liability company, on behalf of Pronghorn Investors LLC.



  
Notary Public for the state of Oregon  
My Commission Expires: 9/14/09