



AFTER RECORDING RETURN TO:

Ball Janik LLP
15 SW Colorado, 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 as of this 23rd day of December
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 "**First Supplemental 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 "**Second Supplemental 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 "**Third Supplemental 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 June 30, 2008 as Document No. 2008-28067 (the "**Fourth Supplemental Declaration**"). The Original CC&Rs, as supplemented by the First Supplemental Declaration, the Second Supplemental Declaration, the Third Supplemental Declaration and the Fourth Supplemental 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. Declarant owns the parcel of real property legally described on the attached Exhibit A and shown on attached Exhibit B, together with all improvements located thereon (the "Annexed Property").

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.

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 this Declaration 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 and the Bylaws, as modified or supplemented by the terms of this Declaration. Except as otherwise provided in this Declaration, commencing as of the date hereof, all of the covenants, conditions and restrictions of the CC&Rs and the Bylaws shall apply to the Annexed Property in the same manner as if it were originally covered by the CC&Rs and Bylaws. Subject to the provisions contained in Article 3 below, the Annexed Property shall constitute Common Area under the CC&Rs and Declarant shall convey the Annexed Property to the Association concurrently with the execution of this Declaration.

ARTICLE 3 EXISTING EASEMENT AND MAINTENANCE AGREEMENT

The Annexed Property is subject to that certain Easement and Maintenance Agreement recorded in the official records of Deschutes County, Oregon on January 12, 2005 as Document No. 2005-01907, re-recorded in the official records of Deschutes County, Oregon on February 15, 2005 as Document No. 2005-08987, and further re-recorded in the official records of Deschutes County, Oregon on February 3, 2006 as Document No. 2006-08156 (the "Easement and Maintenance Agreement"). Declarant is the successor-in-interest to HDDC under the Easement and Maintenance Agreement by virtue of that certain Assignment and Assumption of Rights and Obligations under Easement and Maintenance Agreement recorded in the official records of Deschutes County, Oregon on December 31, 2008 as Document No. 2008-50746. Notwithstanding the conveyance of the Annexed Property to the

Association or the designation of the Annexed Property as Common Area under the CC&Rs, Declarant shall retain all of Declarant's rights and obligations under the Easement and Maintenance Agreement as successor-in-interest to HDDC with respect to the Annexed Property. Without limiting the foregoing and for so long as the Easement and Maintenance Agreement remains in effect and the Annexed Property is part of the Easement Area (as defined in the Easement and Maintenance Agreement), Declarant shall have: (i) responsibility for maintaining, repairing and replacing all improvements located on the Annexed Property (including all related lighting and landscaping) and for operating all improvements located on the Annexed Property (including the gatehouse and related security operations) in accordance with Section 2.1 of the Easement and Maintenance Agreement; (ii) the right to install, maintain, repair and replace utility facilities and to grant utility easements over, across and under the Annexed Property pursuant to Section 1.1.5 of the Easement and Maintenance Agreement; (iii) the right to promulgate reasonable rules and regulations regarding the use of the Annexed Property in accordance with Section 1.1.6 of the Easement and Maintenance Agreement; (iv) the right to operate a shuttle service over and across the Annexed Property pursuant to Section 1.2 of the Easement and Maintenance Agreement; (v) the right to allocate and assess the costs of maintaining and operating the Annexed Property pursuant to Sections 2.2 through 2.6 of the Easement and Maintenance Agreement; (vi) the right to implement amendments to the Easement and Maintenance Agreement that affect the Annexed Property in accordance with Section 3 thereof; and (vii) the right to assign its rights and obligations under the Easement and Maintenance Agreement with respect to the Annexed Property pursuant to Section 4.8 thereof.

Declarant hereby reserves for itself and its employees, contractors, agents, licensees, successors and assigns an easement on, over, upon, across and under the Annexed Property for the purpose of exercising and performing Declarant's rights and obligations under the Easement and Maintenance Agreement. Declarant also hereby reserves for itself and its successors and assigns the right to grant easements on, over, upon, across and under the Annexed Property to third parties in connection with the exercise and performance of Declarant's rights and obligations under the Easement and Maintenance Agreement. The Association shall have no responsibility for the maintenance, repair, replacement or operation of the Annexed Property as long as the Easement and Maintenance Agreement remains in effect and the Annexed Property is part of the Easement Area unless such responsibility is expressly assigned to and assumed by the Association in a separately recorded instrument. However, the Association shall be responsible for paying its allocable share of the cost of maintaining, repairing, replacing and operating the Annexed Property in accordance with Sections 2.2 through 2.6 of the Easement and Maintenance Agreement. Neither the Association nor any Owner shall take or permit to be taken any action with respect to the Annexed Property that interferes with the exercise or performance of any easements, rights or obligations under the Easement and Maintenance Agreement. All covenants, conditions and restrictions contained in the CC&Rs or the Bylaws regarding the ownership, use, maintenance, improvement, alteration or operation of the Common Areas shall at all times be subordinate to the easements, rights and obligations granted to or assumed by Declarant, its successors and assigns, and any other party under the Easement and Maintenance Agreement.

ARTICLE 4 AMENDMENTS

4.1 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. Notwithstanding the foregoing, the provisions of Article 3 above may not be amended, modified or repealed without the prior written consent of Declarant or its successors or assigns under the Easement and Maintenance Agreement. Declarant shall also have the right at any time to amend this Declaration, or any amendment hereto, without the consent of any other party in order to correct scrivener's errors.

4.2 Regulatory Amendments. Notwithstanding the provisions of Section 4.1 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 5 MISCELLANEOUS PROVISIONS

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

5.2 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.

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

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

*(Remainder of Page Intentionally Left Blank;
Signature Page Follows)*

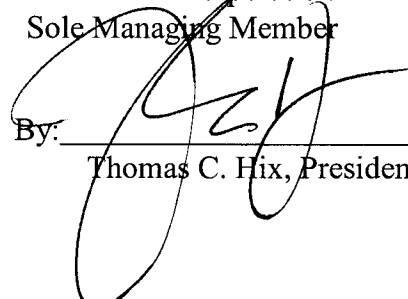
IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date first set forth above.

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 23rd day of December, 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.



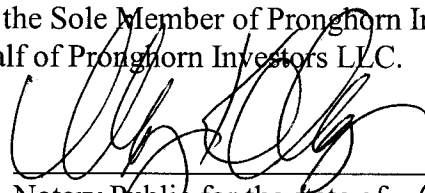

Notary Public for the state of Oregon
My Commission Expires: September 14, 2009

EXHIBIT A

**TAX LOT 600, TAX MAP 16-13-16D
PRONGHORN CLUB DRIVE (PRIVATE)**

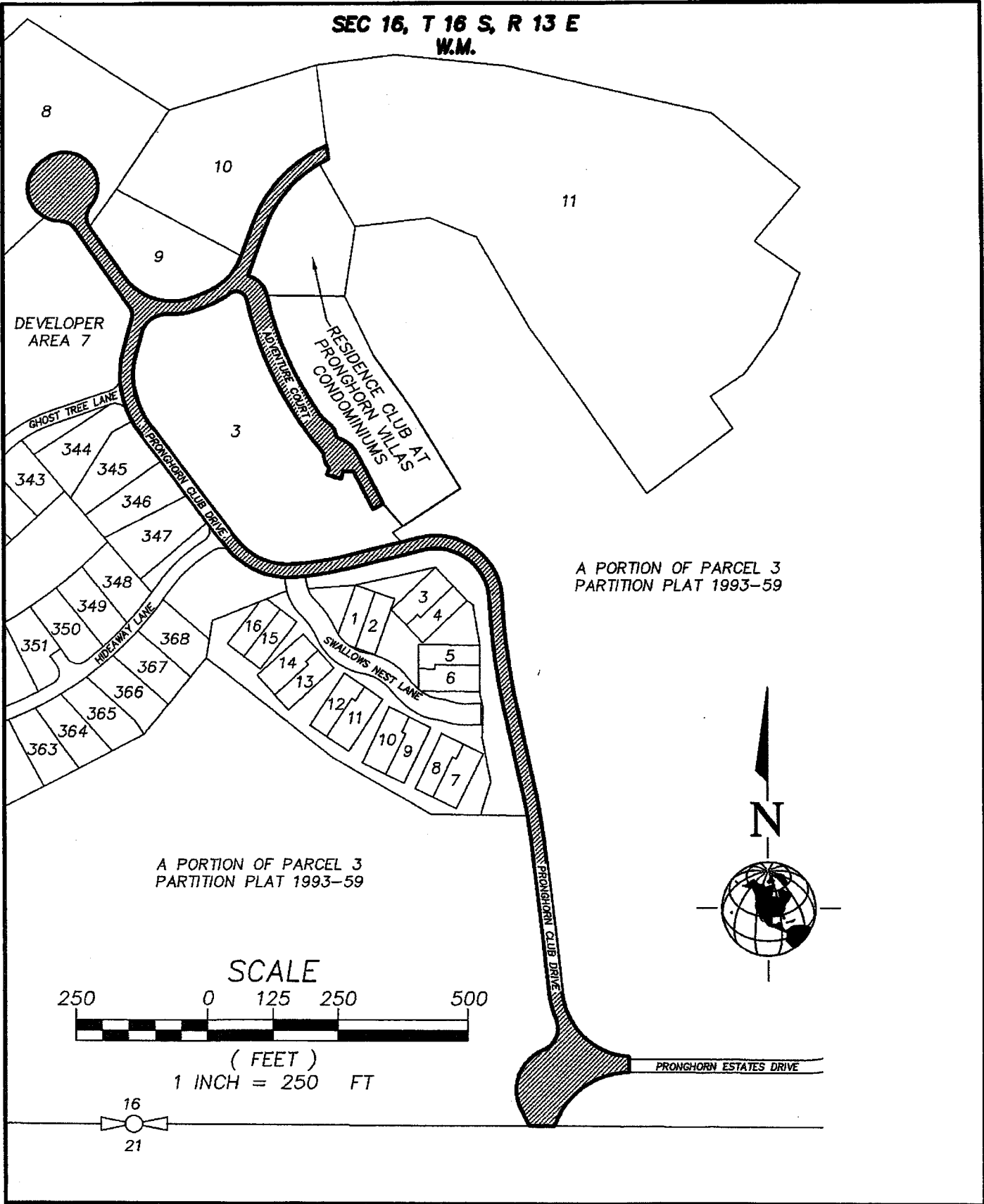
A PARCEL OF LAND LYING IN THE SOUTH HALF OF SECTION 16, TOWNSHIP 16 SOUTH, RANGE 13 EAST OF THE WILLAMETTE MERIDIAN, DESCHUTES COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOW:

ALL OF THAT PORTION OF PRONGHORN CLUB DRIVE (PRIVATE), CORE AREA AT PRONGHORN AS RECORDED DECEMBER 15, 2005 IN CABINET G, PAGE 979 OF DESCHUTES COUNTY OFFICIAL RECORDS.

TOGETHER WITH: BEGINNING AT A POINT OF CURVATURE ON THE NORTH RIGHT OF WAY (BEING 12.50 FEET FROM WHEN MEASURED AT RIGHT ANGLE TO THE CENTERLINE) OF PRONGHORN ESTATES DRIVE AS RECORDED IN COUNTY SURVEY NO. 15212, DESCHUTES COUNTY SURVEYORS OFFICE, SAID POINT BEING NORTH 89°46'35" WEST 312.01 FEET FROM THE SOUTH EASTERLY CORNER OF LOT 1, OF SAID ESTATES AT PRONGHORN, PHASE 1; THENCE LEAVING SAID NORTHERLY RIGHT OF WAY SOUTH 00°13'25" WEST 25.00 FEET TO A POINT ON THE SOUTHERLY RIGHT OF WAY (BEING 12.50 FEET FROM WHEN MEASURED AT RIGHT ANGLE TO THE CENTERLINE) OF PRONGHORN ESTATES DRIVE; THENCE ALONG SAID SOUTHERLY RIGHT OF WAY ALONG THE ARC OF A 152.50 FOOT RADIUS CURVE TO THE LEFT (THE LONG CHORD OF WHICH BEARS SOUTH 54°17'52" WEST 178.96 FEET) AN ARC DISTANCE OF 191.24 FEET TO A POINT ON THE SOUTH LINE OF SECTION 16, TOWNSHIP 16 SOUTH, RANGE 13 EAST OF THE WILLAMETTE MERIDIAN; THENCE ALONG SAID SOUTH LINE OF SECTION 16 NORTH 89°46'35" WEST 26.11 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY (BEING 25.00 FEET FROM WHEN MEASURED AT RIGHT ANGLES TO THE CENTERLINE) OF SAID PRONGHORN ESTATES DRIVE; THENCE ALONG THE WESTERLY AND NORTHERLY RIGHT OF WAY (BEING 25.00 FEET FROM WHEN MEASURED AT RIGHT ANGLES TO THE CENTERLINE) OF SAID PRONGHORN ESTATES DRIVE ALONG THE ARC OF A 177.50 FOOT RADIUS CURVE TO THE RIGHT (THE LONG CHORD OF WHICH BEARS NORTH 52°59'05" EAST 241.83 FEET) AN ARC DISTANCE OF 230.73 FEET TO THE POINT OF BEGINNING, ALL BEING IN DESCHUTES COUNTY, OREGON.

EXCLUDING THEREFROM: THAT PORTION OF GHOST TREE LANE AND HIDEAWAY LANE LYING WESTERLY OF THE EASTERLY BOUNDARY OF ESTATES AT PRONGHORN, PHASE 6 AS RECORDED JUNE 24, 2008 IN CABINET H, PAGE 759 OF DESCHUTES COUNTY OFFICIAL RECORDS.

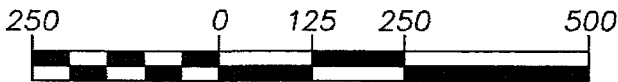
SEC 16, T 16 S, R 13 E
W.M.



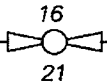
A PORTION OF PARCEL 3
PARTITION PLAT 1993-59

A PORTION OF PARCEL 3
PARTITION PLAT 1993-59

SCALE



(FEET)
1 INCH = 250 FT



DRAWN BY: ANH		CHECKED BY:		
LAST EDIT: 12/31/2008		APPROVED BY:		
PLOT DATE: 12/31/08				
DATE	BY	REV#	REVISION	CK'D/APPR

PRONGHORN DEVELOPMENT
TAX LOT 600
EXHIBIT B

DESCHUTES COUNTY	PROJECT NO. 35650	DRAWING FILE NAME: 2008-EXH	OREGON
SCALE: 1"=250'			1 SHEET 1