

Recording Requested By
And When Recorded Mail To:

Stern, Neubauer, Greenwald & Pauly
A Professional Corporation
1299 Ocean Avenue, Tenth Floor
Santa Monica, California 90401
Attn: Dennis L. Greenwald, Esq.

MTC 30992

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement (this "Memorandum") is made this 6th day of December, 1996 by and between ASSISTED LIVING CONCEPTS, INC., a Nevada corporation ("Seller"), and LTC PROPERTIES, INC., a Maryland corporation ("Buyer").

1. Seller hereby agrees to sell to Buyer, and Buyer agrees to purchase from Seller, all of that certain improved real property located in the City of Klamath Falls, County of Klamath, State of Oregon, more particularly described on Exhibit "A" attached hereto and incorporated herein (the "Property").

2. The specific terms and conditions of the purchase and sale of the Property are set forth in that certain Agreement of Purchase and Sale and Joint Escrow Instructions ("Purchase Agreement") of even date herewith. All of the terms and conditions of said Purchase Agreement are incorporated herein by this reference.

3. This Memorandum of Agreement may be executed in one or more separate counterparts, each of which, once they are executed, shall be deemed to be an original. Such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Memorandum has been executed as of the day and year first above written.

SELLER:

ASSISTED LIVING CONCEPTS, INC.,
a Nevada corporation

By: _____

Stephen Gordon,
Chief Administrative Officer

BUYER:

LTC PROPERTIES, INC.,
a Maryland corporation

By: _____

W. H. Lee McBeath III
Title: President & CEO

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)

) SS.

COUNTY OF VENTURA)

On the 4th day of December, in the year 1996, before me, a notary public in and for the State of California, personally appeared William McBride III personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument he, or the entity on behalf of which he acted, executed the instrument.

WITNESS my hand and official seal.



NOTARY PUBLIC
State of California

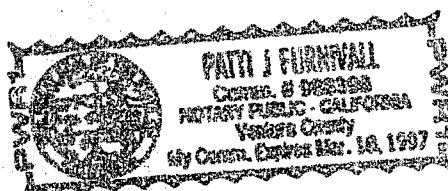


EXHIBIT "A"

LEGAL DESCRIPTION

KLAMATH PROPERTY

TRACTS 14 AND 17, KIELSMIEHR ACRE TRACTS, according to the official plat thereof on file in the office of the County Clerk of Klamath County, Oregon.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Amerititle the 6th day
of December A.D., 19 96 at 1:29 o'clock P.M., and duly recorded in Vol. M96
of Deeds on Page 38165
Bernetha C. Letsch, County Clerk
By [Signature]

FEE \$40.00