

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

STERN, NEUBAUER, GREENWALD & PAULY
1299 Ocean Avenue
10th Floor
Santa Monica, California 90401
Attention: Kirsten S. Ellis, Esq.

MC 30002

Space Above Line for Recorder's Use

AMENDMENT TO TRUST DEED

THIS AMENDMENT TO TRUST DEED ("Amendment") is dated as of December 31, 1996, by and between LTC PROPERTIES, INC., a Maryland corporation ("Lender") and ASSISTED LIVING CONCEPTS, INC., a Nevada corporation ("Borrower").

RECITALS

A. Lender is the owner and holder of that certain Promissory Note ("Note") dated December 6, 1996, in the original principal amount of TWO MILLION FOUR HUNDRED THOUSAND AND NO/100 DOLLARS (\$2,400,000.00), executed by Borrower, payable to the order of Lender, which Note is secured by, among other things, that certain Trust Deed (the "Trust Deed"), dated December 6, 1996 and recorded on December 6, 1996 in Book M96, Page 38156 in the Official Records of Klamath County, Oregon, which Trust Deed created a lien against that certain real property and improvements situated thereon, all as more particularly described in Exhibit "A" attached hereto and made a part hereof by this reference ("Property").

B. Borrower and Lender are modifying the Loan by the execution of that certain Amendment to Promissory Note ("Note Amendment") of even date herewith.

C. Accordingly, Borrower and Lender desire to modify the Trust Deed as more particularly set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender and Borrower agree as follows:

A. AMENDMENTS TO TRUST DEED.

1. All references in the Trust Deed to the "Note", "note" or "Promissory Note" shall hereafter refer to the Note as amended by the Note Amendment.

2. All references in the Trust Deed to the "Loan Documents" shall hereafter refer to the documents and instruments evidencing, securing or governing the Loan as amended herein or by the Note Amendment or by separate instrument executed concurrently herewith, as applicable.

B. MISCELLANEOUS.

1. This Amendment shall become effective only upon recordation in the Official Records of Klamath County, Oregon.

2. Except as set forth in this Amendment, the Note Amendment or any other document executed pursuant thereto, the Trust Deed shall remain as originally stated and the terms and provisions of the same are hereby ratified and affirmed.

3. This Amendment may be executed in multiple counterparts, each of which shall constitute an original instrument but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, Lender and Borrower have executed this Amendment as of the date first written above.


LENDER:

LTC PROPERTIES, INC.,
a Maryland corporation

By: _____
Name: _____
Title: _____

BORROWER:

ASSISTED LIVING CONCEPTS, INC.,
a Nevada corporation

By: 
Name: STEPHEN GORIN
Title: CHIEF ADMINISTRATIVE OFFICER

2. All references in the Trust Deed to the "Loan Documents" shall hereafter refer to the documents and instruments evidencing, securing or governing the Loan as amended herein or by the Note Amendment or by separate instrument executed concurrently herewith, as applicable.

B. MISCELLANEOUS.

1. This Amendment shall become effective only upon recordation in the Official Records of Klamath County, Oregon.

2. Except as set forth in this Amendment, the Note Amendment or any other document executed pursuant thereto, the Trust Deed shall remain as originally stated and the terms and provisions of the same are hereby ratified and affirmed.

3. This Amendment may be executed in multiple counterparts, each of which shall constitute an original instrument but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, Lender and Borrower have executed this Amendment as of the date first written above.

LENDER:

LTC PROPERTIES, INC.,
a Maryland corporation

By: WMB

Name: WILLIAM MCBRIDE III

Title: President and CEO

BORROWER:

ASSISTED LIVING CONCEPTS, INC.,
a Nevada corporation

By: _____

Name: _____

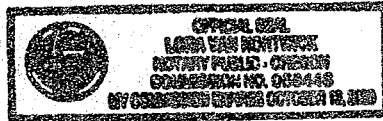
Title: _____

STATE OF Oregon §
COUNTY OF Multnomah §

On this 21st day of December in the year 1996, before me Lora VanNortwick, personally appeared Stephen Gordon, 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 the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature Lora VanNortwick
Commission Exp. October 13, 2000



STATE OF _____ §
COUNTY OF _____ §

On this _____ day of _____, in the year 1996, before me _____, personally appeared _____, 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 she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

ACKNOWLEDGEMENT

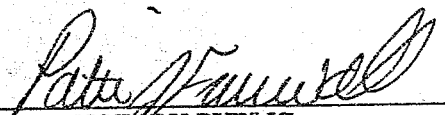
STATE OF CALIFORNIA)

SS.

COUNTY OF VENTURA)

On the 31st 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

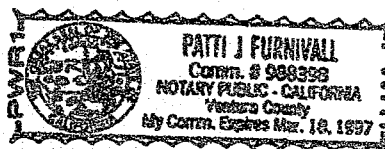


EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

TRACTS 14 AND 17, KIELSMEIER 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 January A.D., 19 97 at 11:46 o'clock A. M., and duly recorded in Vol. M97
of Mortgages on Page 287.

FEE \$35.00

Bernetha G. Letsch, County Clerk
by Kathleen Rosal