

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

STERN, NEUBAUER, GREENWALD & PAULY,  
A Professional Corporation  
1299 Ocean Avenue, Tenth Floor  
Santa Monica, California 90401-1007  
Attention: Dennis L. Greenwald, Esq.

MTC 40210  
SHORT FORM LEASE  
(Klamath Falls Facility)

THIS SHORT FORM LEASE is made as of April 3, 1997, by and between LTC Properties, Inc., a Maryland corporation ("Lessor"), and Assisted Living Concepts, Inc., a Nevada corporation ("Lessee").

WITNESSETH:

1. In consideration of the covenants of Lessee, Lessor leases to Lessee, and Lessee leases from Lessor, that certain real property and improvements thereon located in the City of Klamath Falls, Klamath County, Oregon ("Facility"), as more particularly described in Exhibit "A", attached hereto.
2. This is a short form lease relating to that certain Lease dated as of December 6, 1996 ("Lease"). The Lease has been executed by the parties and each party has a full copy thereof.
3. The term of the Lease shall be for a period of time commencing on April 3, 1997, and shall continue to and include the 31st day of December, 2008, unless the Lease is sooner terminated according to the terms of the Lease or extended according to specific extension rights set forth in the Lease.
4. The Lease provides, and Lessor and Lessee hereby confirm, that neither Lessee nor anyone claiming by, through or under Lessee, including contractors, subcontractors, materialmen, mechanics and laborers, shall have any mechanics', materialmans' or construction liens of any sort whatsoever upon the interest of Lessor in the Facility, and, to the contrary, any such lien is specifically prohibited. All parties with whom Lessee may deal are hereby put on notice that Lessee has no power to subject the interest of Lessor in the Facility to any claim or lien of any kind or character, and all such persons dealing with Lessee must look solely to Lessee for payment and not to Lessor's interest in the Facility or any other asset of Lessor.
5. The terms, conditions, provisions, covenants and agreements set forth in the Lease shall be binding upon the Lessor and Lessee, their respective heirs, legal representatives, successors and assigns, shall be deemed to be covenants running with the Facility, and are hereby incorporated herein by this reference. In addition to those terms referred to herein, the Lease contains numerous other terms, conditions and provisions. In the event of any conflict



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between the provisions of this Short Form Lease and the Lease, the provisions of the Lease shall govern, control and prevail.

6. This Short Form Lease 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 be and constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Short Form Lease to be signed respectively as of the date first above written.

"LESSEE"

ASSISTED LIVING CONCEPTS, INC.,  
a Nevada corporation

By: \_\_\_\_\_

Stephen Gordon, Secretary/  
Chief Administrative Officer/  
Chief Financial Officer

"LESSOR"

LTC PROPERTIES, INC.,  
a Maryland corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_



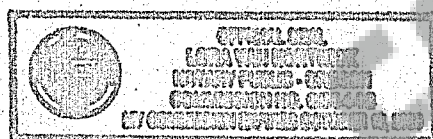
ACKNOWLEDGEMENT

STATE OF Oregon )  
COUNTY OF Multnomah ) SS.

On March 25, 97 before me, Lora VanNortwick  
Notary Public, personally appeared Stephen Gordon

known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Lora VanNortwick  
NOTARY PUBLIC  
State of Oregon

STATE OF )  
COUNTY OF ) SS.

On \_\_\_\_\_ before me, \_\_\_\_\_  
Notary Public, personally appeared \_\_\_\_\_

known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
NOTARY PUBLIC  
State of \_\_\_\_\_



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IN WITNESS WHEREOF, the parties hereto have caused this Short Form Lease to be signed respectively as of the date first above written.

"LESSEE"

ASSISTED LIVING CONCEPTS, INC.,  
a Nevada corporation

By: \_\_\_\_\_

Stephen Gordon, Secretary/  
Chief Administrative Officer/  
Chief Financial Officer

"LESSOR"

LTC PROPERTIES, INC.,  
a Maryland corporation

By: \_\_\_\_\_

Its: \_\_\_\_\_

President and CEO

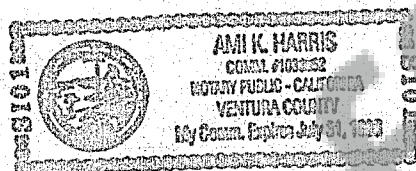


## ACKNOWLEDGEMENT

STATE OF CALIFORNIA       )  
                                  )     SS.  
COUNTY OF VENTURA     )

On the 27th day of March, in the year 1997, before me, Ami K. Harris, a notary public in and for the State of California, personally appeared WILLIAM McBRIDE III, personally known to me 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.



*Ami K. Harris*  
\_\_\_\_\_  
NOTARY PUBLIC  
State of California



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EXHIBIT "A"

LEGAL DESCRIPTION

KLAMATH FALLS 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 3rd day  
of April A.D., 19 97 at 3:57 o'clock P M., and duly recorded in Vol. M97  
of Deeds on Page 9896

FEE \$55.00

Bernetha G. Letsch, County Clerk

by Kathleen Ross