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July 21, 1998

Via Facsimile

Sterling House Corporation
435 S. Webb Rd., Suite 500
Wichita, Kansas 67207
Attn: Ms. Gail Knott

ALS-WovenHearts, Inc.
c/o Alternative Living Services, Inc.
450 N. Sunnyslope Road, Suite 300
Brookfield, Wisconsin 53005
Attn: Ms. Amy Neitzke

Re: Access Easement at Fort Collins, Colorado Assisted Living Facility

Ladies and Gentlemen:

As you know, LTC Development Company, Inc. ("LDC"), a subsidiary of LTC Properties, Inc., is the owner that certain real property improved with an assisted living facility located at 1002 Rule Drive, Fort Collins, Colorado 80525 ("Lot 1"). Sterling House Corporation is the operator of the assisted living facility located on Lot 1.

In addition, ALS-WovenHearts, Inc. ("WovenHearts"), a subsidiary of Alternative Living Services, Inc., is the owner of that certain unimproved real property located at the corner of Rule Drive and South Lemay Avenue, Fort Collins, Colorado 80525 ("Lot 2"). Lot 2 is located immediately adjacent to and east of Lot 1. WovenHearts desires to construct a 36-bed Alzheimer's dementia assisted living residence on Lot 2. In order to facilitate the adjacent operation of the assisted living facility on Lot 1 and the dementia facility on Lot 2 and to obtain certain approvals and/or permits from the City of Fort Collins for the construction of the dementia facility, WovenHearts has requested from LDC an easement within the easterly portion of Lot 1 for access uses and purposes (the "Easement").

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Ms. Amy Neitzke
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LDC is willing to grant the Easement to WovenHearts on terms and conditions reasonably acceptable to the parties so long as said Easement does not affect the zoning, permits, licenses or other governmental approvals for Lot 1 in any manner which would adversely affect the assisted living facility located thereon or the operation thereof.


Please call if you have any questions with respect to the foregoing.

Very truly yours,

LTC PROPERTIES, INC.,
a Maryland corporation

By: 
Pamela J. Privett,
Its Senior Vice President, General
Counsel and Secretary

LTC DEVELOPMENT COMPANY, INC.,
a Nevada corporation

By: 
Christopher T. Ishikawa,
Its Chief Executive Officer

cc: Kirsten S. Ellis, Esq. (via facsimile)
M. Catherin Cauthen, Esq. (via facsimile)
Mr. Mark Lockwood (via facsimile)

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