UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20459

FORM 10-Q/A

(Mark One)
[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from ____ to ____

Commission file number 1-11314

LTC PROPERTIES, INC.
(Exact name of Registrant as specified in its charter)

<TABLE>

<S>	<C>
Maryland	71-0720518
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No)

</TABLE>

300 Esplanade Drive, Suite 1860
Oxnard, California 93030
(Address of principal executive offices)

(805) 981-8655
(Registrant's telephone number, including area code)

Indicate by check mark whether Registrant (1) has filed all reports to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

Shares of Registrant's common stock, $.01 par value, outstanding at July 31, 1997 - 23,220,532

LTC PROPERTIES, INC.

FORM 10-Q/A

JUNE 30, 1997

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<TABLE>
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LTC PROPERTIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
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	(RESTATED) June 30, 1997	December 31, 1996
	(unaudited)	(audited)
	(In thousands)	
<S>	<C>	<C>
ASSETS		
Real Estate Investments:		
Buildings and improvements, net of accumulated depreciation and amortization: 1997 - $15,738; 1996 - $11,640	$258,192	$199,591
Land	15,391	12,347
Mortgage loans receivable, held for sale, net of allowance for doubtful accounts: 1997 - $1,000; 1996 - $1,000	231,506	177,262
REMIC Certificates, at estimated fair value	87,725	98,934
Real estate investments, net	592,814	488,134
Other Assets:		
Cash and cash equivalents	5,894	3,148
Debt issue costs, net	2,805	4,150
Interest receivable	3,508	2,817
Prepaid expenses and other assets	8,135	2,289
	20,342	12,404
Total assets	$613,156	$500,538
LIABILITIES AND STOCKHOLDERS' EQUITY		
Convertible subordinated debentures due 1999 - 2004	$104,667	$135,828
Bank borrowings	104,000	79,400
Mortgage loans and notes payable	58,471	54,205
Bonds payable and capital lease obligations	13,948	14,039
Accrued interest	7,106	6,015
Accrued expenses and other liabilities	3,323	3,041
Distributions payable	610	6,679
Total liabilities	292,125	299,207
Minority interest	10,506	10,528
Commitments		
Stockholders' equity:		
Preferred stock: aggregate liquidation amount of $77,000,000, 10,000,000 shares authorized, shares issued and outstanding: 1997 - 3,080,000, 1996 - none	73,800	-
Common stock: $0.01 par value; 40,000,000 shares authorized; shares issued and outstanding: 1997 - 23,045,810, 1996 - 19,484,208	230	195
Capital in excess of par value	250,779	195,297
Notes receivable from stockholders	(7,565)	-
Cumulative net income	88,374	71,914
Cumulative distributions	(95,093)	(76,603)
Total stockholders' equity	310,525	190,803
Total liabilities and stockholders' equity	$613,156	$500,538

</TABLE>

See accompanying notes

LTC PROPERTIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except per share amounts)
(Unaudited)

<TABLE>
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	(RESTATED)	(RESTATED)
	Three months ended June 30,	Six months ended June 30,

	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Revenues:				
Rental income	$ 7,561	$ 4,927	$13,875	$ 9,061
Interest income from mortgage loans	6,345	3,668	12,488	8,832
Interest income from REMIC Certificates	3,731	3,989	7,447	6,787
Interest and other income	478	336	792	603
Total revenues	18,115	12,920	34,602	25,283
Expenses:				
Interest expense	5,632	4,835	11,339	9,489
Depreciation and amortization	2,225	1,479	4,144	2,746
Amortization of Founders' stock	12	38	31	76
Minority interest	297	117	594	272
Operating and other expenses	1,006	834	1,945	1,628
Total expenses	9,172	7,303	18,053	14,211
Operating income	8,943	5,617	16,549	11,072
Other income/(loss):				
Unrealized holding gain/(loss) on estimated fair value of REMIC Certificates	872	(711)	(200)	5,665
Other income, net	111	-	111	-
Total other income/(loss)	983	(711)	(89)	5,665
Net income	9,926	4,906	16,460	16,737
Preferred dividends	1,828	-	2,255	-
Net income available to common stockholders	$ 8,098	$ 4,906	$14,205	$16,737
Net income available to common stockholders per share	$0.35	$0.26	$0.62	$0.89
Weighted average shares outstanding	23,146	18,959	22,802	18,900

</TABLE>

See accompanying notes

LTC PROPERTIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

<TABLE>
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	(RESTATED) Six Months Ended June 30, 1997	1996
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 16,460	$ 16,737
Adjustments to reconcile net income to net cash provided by operating results:		
Depreciation and amortization	5,049	3,532
Unrealized holding (gain)/loss on estimated fair value of REMIC Certificates	200	(5,665)
Gain on sale of REMIC Certificates	(1,231)	-
Expense relating to vesting of restricted stock	1,120	-
Non-cash charges	102	83
Net change in other assets and liabilities	393	2,250
Net cash provided by operating activities	22,093	16,937
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of preferred stock, net	73,800	-
Proceeds from issuance of common stock, net	17,349	-
Proceeds from issuance of convertible debentures	-	30,000
Debt issue costs		(1,047)
Borrowings under the lines of credit	150,770	145,100
Repayments of bank borrowings	(126,170)	

		(135,570)
Repurchase of common stock	-	(1,831)
Distributions paid	(24,554)	(11,680)
Other	(908)	(54)
	---------	---------
Net cash provided by financing activities	90,287	24,918
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Investment in real estate mortgages	(66,088)	(58,010)
Acquisitions of real estate properties, net	(56,356)	(77,048)
Proceeds from sale of REMIC Certificates	11,811	86,874
Principal payments on mortgage loans payable and capital lease obligations	(825)	(212)
Restricted cash	-	8,300
Principal payments on real estate mortgages	2,854	1,452
Deferred facility fee, net	12	(42)
Other	(1,042)	(275)
	---------	---------
Net cash used in investing activities	(109,634)	(38,961)
	---------	---------
Increase in cash and cash equivalents	2,746	2,894
Cash and cash equivalents, beginning of period	3,148	1,434
	---------	---------
Cash and cash equivalents, end of period	$ 5,894	$ 4,328
	=========	=========
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 9,703	$ 6,960
	=========	=========
Non-cash investing and financing transactions:		
Conversion of debentures into common stock	$ 31,161	$ 4,710
Notes receivable relating to exercise of employee stock options	7,631	-
Conversion of mortgage loans to owned properties	11,545	-
Assumption of mortgage loans payable relating to acquisitions of real estate properties	-	9,641
Exchange of mortgage loans for REMIC Certificates	-	80,962
Issuance of mortgage loans payable for REMIC Certificates	-	31,525
Minority interest related to acquisitions of real estate properties	-	8,932

</TABLE>

See accompanying notes

LTC PROPERTIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(i) The condensed consolidated financial statements included herein have been prepared by LTC Properties, Inc. (the "Company"), without audit, and include all adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations for the six month periods ended June 30, 1997 and 1996 pursuant to the rules and regulations of the Securities and Exchange Commission. The accompanying condensed consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and controlled partnerships. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures in the accompanying financial statements are adequate to make the information presented not misleading. The results of operations for the six-month periods ended June 30, 1997 and 1996 are not necessarily indicative of the results for a full year.

As previously disclosed in the current and prior periods, the Company has securitized portions of its mortgage loan portfolio and retained a portion of the resulting REMIC Certificates to hold as long-term investments. Historically, the Company has accounted for its REMIC Certificate investments at amortized cost and provided fair value disclosures because of the highly specialized nature of the collateral underlying the REMIC Certificates, the lack of marketability of the Certificates and the Company's intent and investment posture to hold its real estate investments for long-term purposes. Moreover, the Company believes that the fair value accounting provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"), which require the recognition of unrealized gains or losses resulting from temporary changes in the fair value of originated mortgage-backed securities (the REMIC Certificates) that are retained by the Company, may reflect equity or earnings in the Company's financial statements that may not be ultimately realized and portray a level of liquidity with respect to its REMIC Certificates that may not exist. Furthermore, the Company believed that the accounting literature supported the accounting for the REMIC Certificates at amortized cost. However, after reconsideration following discussions with the Staff of the Securities and Exchange Commission, the Company decided to restate its financial statements and adopt the fair value accounting provisions of SFAS 115 as opposed to the amortized cost accounting the Company believed applicable under SFAS 115. The fair value accounting provisions require the recognition in earnings of temporary changes in the fair values of the Company's REMIC Certificates investments, irrespective of the Company's reservations about the realizability of such earnings. Accordingly, previously filed financial statements have been restated to reflect the adjustment to fair value of the Company's REMIC Certificate investments. As a result of the restatement, cumulative net income increased by $1,872,000 ($0.12 per share), decreased by $1,656,000 ($0.09 per share) and increased by $6,173,000 ($0.32 per share) for the years ended December 31, 1994, 1995 and 1996, respectively. For the three and six months ended June 30, 1996, net income decreased by $711,000 ($0.04 per share) and increased by $5,665,000 ($0.30 per share), respectively.

(ii) No provision has been made for federal income taxes. The Company qualifies as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended. As such, the Company is not taxed on its income provided that at least 95 percent of its taxable income is distributed to its stockholders.

(iii) During the six-month period ended June 30, 1997, the Company invested $66,088,000 in mortgage loans. Approximately $45,940,000 of these loans are secured by, among other things, 17 skilled nursing facilities located in nine states with a total of 1,829 beds and contain certain guarantees. These mortgage loans, which individually range from $1,200,000 to $10,000,000 in principal amount, have stated maturities of 10 to 20 years, have an initial interest rate ranging from 9.8% to 11.57% and generally have 25 year amortization schedules. The remaining $20,148,000 of mortgage loans are secured by 14 assisted living facilities ("ALFs") located in two states with a total of 620 units. Of the total loans made on ALFs, approximately $14,510,000 was made to Assisted Living Concepts, Inc. ("ALC"), a developer-owner, operator of ALFs. The loans to ALC are secured by mortgages on seven ALFs with 258 units, bear interest at 10.14% per annum and will be repaid out of the proceeds of sale-leaseback transactions with the Company. See note (x). Also included in the ALF loan amounts was $5,435,000 of additional financing on five ALFs which are under construction, net of $2,197,000 which converted into an owned property as discussed below.

During the six months ended June 30, 1997, the Company acquired six skilled nursing facilities with a total of 463 beds and nine ALFs with a total of 376 units for approximately $27,853,000. Included in this amount were three skilled nursing facilities purchased for $3,100,000 on which the Company had a first mortgage loan of $2,798,000 and one ALF that was purchased for $2,223,000 and previously financed with a construction loan of $2,197,000. Two of the ALFs were purchased for a total of $4,875,000 and have been leased to ALC for a total initial annual rent of approximately $491,000 pursuant to long-term non-cancelable agreements. The Company also added 36 beds to one of its owned skilled nursing facilities at a total cost of approximately $1,693,000 and 9 units to one of its ALFs for $450,000. During the second quarter of 1997, the Company converted $26,360,000 of mortgage loans on ALFs into sale lease-back transactions with ALC.

At June 30, 1997, the outstanding certificate principal balance and the weighted average pass-through rate for the senior REMIC Certificates (all held by outside third parties) was $197,861,000 and 7.86%, respectively. As of June 30, 1997 the unamortized cost basis and the estimated fair value of the subordinated REMIC Certificates held by the Company were $81,536,000 and $87,725,000, respectively.

(iv) During the first quarter of 1997, the Company completed two public offerings. In January 1997, the Company completed the sale of 1,000,000 shares of common stock in a public offering at $17.75 per share. In March 1997, the Company sold 3,080,000 shares of 9.5% Series A Cumulative Preferred Stock ("Series A Preferred Stock"). Dividends on the Series A Preferred Stock are cumulative from the date of original issue and are payable monthly, commencing April 15, 1997, to stockholders of record on the first day of each month at the rate of 9.5% per annum of the $25 liquidation preference per share (equivalent to a fixed amount of $2.375 per share). The Series A Preferred Stock is not redeemable prior to April 1, 2001, except in certain circumstances relating to preservation of the Company's qualification as a REIT. The net proceeds from these offerings were used to repay short-term borrowings outstanding under the Company's lines of credit.

(v) During the six-month period ended June 30, 1997, holders of $31,161,000 in principal amount of convertible subordinated debentures elected to convert the debentures into 1,910,136 shares of common stock at prices ranging from $10.00 to $17.25 per share. Subsequent to June 30, 1997, an additional $2,790,000 in principal amount of convertible subordinated debentures converted into 185,222 shares of the Company's common stock at prices ranging from $10.00 to $17.25 per share.

(vi) In March 1997, the Board of Directors adopted a loan program designed to encourage executives, key employees, consultants and directors to acquire common stock through the exercise of options. Under the program, the Company will make full recourse, secured loans to participants equal to the exercise price of vested options plus up to 50% of the taxable income resulting from the exercise of options. Such loans will bear interest at the then current Applicable Federal Rate (the minimum rate necessary to avoid "unstated interest" under Section 483 of the Internal Revenue Code) and be payable in installments over nine years. For the first five-years of such loans, interest and principal will be payable quarterly. The amount of principal due each quarter will be equal to 50% of the difference between the cash dividends received on the shares purchased and the quarterly interest that is due. In addition, 25% of any cash bonuses received by the borrower must be used to reduce the principal balance of any such loan. At the end of five years, such loans will convert to fully amortizing loans with 16 quarterly payments beginning in year six. The loans must be repaid within 90 days after termination of employment for any reason, other than in connection with a change in control of the Company. In 1997, the Company's management, consultants and directors purchased 585,166 of the Company's common stock under the loan program. At June 30, 1997, the remaining loan amounts available and the loans outstanding under such program, which bear interest ranging from 6.27% to 6.63% per annum and are secured by a pledge of the shares of Common Stock acquired on the exercise of options, were $759,000 and $7,565,000, respectively. The market value of the common stock securing these loans was $10,606,000 at June 30, 1997.

(vii) On April 24, 1997, the Company filed a shelf registration statement with the Securities and Exchange Commission covering up to $150,000,000 of debt and equity securities to be sold from time to time in the future. The registration statement was declared effective on May 6, 1997.

(viii) In June 1997, the Board of Directors declared a monthly cash dividend of $.1979 per share on the Series A Preferred Stock payable on July 15, 1997 to stockholders of record on July 1, 1997. The dividend amount has been reflected as distributions payable in the accompanying financial statements as of June 30, 1997. In addition, the Board of Directors declared a quarterly dividend of $.365 per share on its outstanding common stock to stockholders of record on June 15, 1997 which was paid on June 30, 1997.

(ix) In June 1997, the Company sold $11,811,000 face amount of its rated REMIC Certificates recognizing a gain of approximately $1,231,000. Also in June 1997, the Company recognized $1,120,000 of expense resulting from the accelerated vesting of 64,000 shares of restricted common stock held by executives, certain management and non-employee directors of the Company.

(x) In 1997, the Company's Board of Directors authorized an increase in the Company's investment in ALFs from 20% to 30% of its adjusted gross real estate investment portfolio (adjusted to include the mortgage loans to third parties underlying the investment in REMIC Certificates). In addition, the Board of Directors also authorized an increase in the Company's investment in properties operated by ALC from 10% to 15% of its adjusted gross real estate investment portfolio (which was approximately $741,758,000, cost basis, as of June 30, 1997). Currently, two of the Company's executive officers serve as members of the Board of Directors of ALC. As of August 1, 1997, three executive officers of the Company owned approximately 3.5% of ALC's common stock.

As of June 30, 1997, the Company had investments in ALFs totaling approximately $130,514,000 and in properties operated by ALC of approximately $86,820,000 or 17.6% and 11.7%, respectively, of the Company's total adjusted gross real estate investment portfolio.

In July 1996, the Company provided a $50,180,000 commitment to purchase assisted living facilities through sale leaseback transactions with ALC. In connection with the commitment, the Company entered into a one-year forward ten-year interest rate swap agreement (the "November 1996 Agreement"). The terms of the commitment provide for an initial lease term of twelve years and an lease rate of 9.90% on each facility acquired. The Company will finance this commitment with fixed rate financing, and as such, utilized an interest rate swap to "lock-in" the rate at which such financing will be obtained. Interest rate swaps are contractual agreements between the Company and third parties to exchange fixed and floating interest payments periodically without the exchange of the underlying principal amounts (notional amounts). Under the November 1996 Agreement, the Company will be credited with interest at the three-month LIBOR and will incur interest at a fixed rate of 6.835% on a $40,000,000 notional amount beginning on November 7, 1997. On March 10, 1997, the Agreement was terminated concurrently with the completion of the equity offerings discussed in Note (iv). The Company recognized interest income of approximately $440,000 from the termination of the swap agreement.

(xi) In February 1997, the Financial Accounting Standards Board issued Statement No. 128, Earnings Per Share, which is required to be adopted on December 31, 1997. At that time, the Company will be required to change the method currently used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. The impact is expected to result in an increase in

primary earnings per share for the three-month and six-month periods ended June 30, 1997 of $0.01 and $0.01 per share, respectively, and for the three-month and six-month periods ended June 30, 1996 of $0.00 and $0.01 per share, respectively. The impact of Statement 128 on the calculation of fully diluted earnings per share for these periods is not expected to be material.

(xii) Subsequent to June 30, 1997, the Company completed investments totaling $16,094,000. In conjunction with these investments, $4,286,000 of construction loans made by the Company matured and were repaid. In addition, the Company sold one skilled nursing facility for $4,530,000 and issued a $3,171,000 first mortgage loan in connection with such sale. As of August 12, 1997, the Company had outstanding commitments aggregating approximately $167,000,000. Included in these amounts were commitments to ALC for approximately $16,460,000 and Home and Community Care, Inc. ("HCI") for $50,000,000. HCI was formed to own, operate and develop assisted living residences and to provide home health and hospice care services. The Company owns 2,000,000 shares of non-voting common stock of HCI which it acquired for $5,000,000 in the form of a demand note, of which $518,300 had been funded as of June 30, 1997. HCI had 2,610,000 shares of voting common stock outstanding at June 30, 1997, in addition to the 2,000,000 shares of non-voting common stock that is owned by the Company. Currently, two of the Company's executive officers and directors serve as executive officers and directors of HCI. As of August 1, 1997, three executive officers of the Company owned approximately 58% of HCI's outstanding voting common stock (34% of voting and nonvoting common stock).

(xiii) In July 1997, the Company's Board of Directors declared a monthly cash dividend of $.1979 per share on the Series A Preferred Stock. The dividend will be paid on August 15, 1997 to stockholders of record on August 1, 1997.

(xiv) In August 1997, the Company completed the sale of 500,000 shares of the Company's common stock at $18.50 per share in a public offering. The net proceeds of approximately $9,025,000 from the sale were used to pay down borrowings under the Company's lines of credit.

(xv) In August 1997, the Company obtained a 90-day $10,000,000 bank loan at LIBOR plus 3% with no commitment fees. In addition, in order to further hedge a securitization transaction the Company anticipates to complete during the fourth quarter of 1997, a Treasury Lock agreement entered into which has a settlement date of December 15, 1997. Under this agreement, the Company locked into a rate of 6.39% on the seven-year Treasury Note Rate on a notional amount of $65,000,000. This Treasury Lock, which is being accounted for as a hedge, effectively "locked in" the net interest margin on $65,000,000 principal amount of additional senior certificates the Company anticipates will be sold in connection with the securitzation. Upon settlement of the Treasury Lock agreement, the Company will either receive or make a payment based on the change in the seven year Treasury Note Rate on the settlement date. The Treasury Lock will be extended until the consummation of the securitization transaction, therefore, any associated gains or losses will be included as a component of the fair value of the assets received in the transaction.

Operating Results

Six months 1997 Compared to Six months 1996

Revenues for the six months ended June 30, 1997 were $34,602,000 versus $25,283,000 for the same period in 1996. Revenues increased $9,319,000 or approximately 37% primarily as a result of increased rental income of $4,814,000, increased interest income on mortgage loans of $3,656,000 and increased interest income on the REMIC certificates of $660,000. Rental income increased $2,327,000 as a result of additional properties acquired since June 30, 1996 and $2,478,000 from the full period impact of facilities acquired during the first half of 1996. Rental revenue also increased $112,000 from "same store" facilities (facilities owned in both the first half of 1996 and 1997) resulting from rental increases tied to changes in Consumer Price Indices (CPI) and by $134,000 due to contingent rents received from certain facilities based on increases in the facilities' incremental revenues (as defined in the respective leases). These rent increases were offset by a decrease in rent of $237,000 due to the sale of four Texas properties in the second quarter of 1997. Interest income on mortgage loans increased by approximately $4,065,000 due to investments completed since June 30, 1996 and by $1,409,000 due to the full impact on the current period of loans originated during the six month period in 1996. Additionally, $440,000 of interest income was recognized relating to the termination of an interest rate swap. These increases in interest income were offset by a decrease of $2,258,000 relating to the sale of mortgage loans to the REMIC in the first quarter of 1996. Interest income on the REMIC Certificates increased $660,000 primarily as a result of the third securitization transaction which closed in March 1996. The remaining increase of $189,000 resulted primarily from certain prepayment fees.

Total expenses for the six months ended June 30, 1997 were $18,053,000 versus $14,211,000 for the same period in 1996, an increase of $3,842,000 or 27%. The increase is due in large part to an increase of $1,850,000 in interest expense. Interest expense increased by $1,092,000 due to the issuance of convertible subordinated debentures in August 1996 in the amount of $30,000,000. Interest expense also increased by $845,000 primarily as a result of consummation of tax-exempt revenue bond, capital leases and mortgage loans financings by the Company. The remaining increase of $1,482,000 was due to interest on borrowings under the Company's lines of credit which was offset by a decrease of $1,569,000 as a result of conversions of previously issued convertible subordinated debentures since June 30, 1996. Depreciation and amortization expense increased by $1,398,000 primarily due to the acquisitions of skilled nursing and assisted living facilities in the past year. Operating and other expenses increased by $317,000 principally due to increased staffing and administrative costs. The remaining increase in total expenses of $277,000 related primarily to the minority interest.

Total expenses for the six months ended June 30, 1997, as a percentage of revenues, decreased by approximately 7% compared to the prior period. The decrease in expenses as percentage of revenues was primarily due to the decrease in interest expense, as a percentage of revenues, which decreased approximately 12% due primarily to the reduction of debt associated with the subordinated debt conversions and the two equity offerings the Company completed during the first quarter of 1997. Depreciation expense, as percentage of rental revenues, was comparable

between the periods at 30%. Minority interest was comparable, as percentage of revenues, in both periods, while operating and other expenses decreased slightly due the higher revenue base and relative stability of operating expenses.

Other income (loss) decreased primarily as a result of the effect of the increase in the REMIC Certificates' estimated fair value which resulted in an unrealized holding gain during the prior period as compared to the current period's unrealized loss of $200,000. Also contributing to the decrease in the current period was $1,120,000 of expense the Company recognized in connection with the accelerated vesting of 64,000 shares of restricted common stock held by executives, certain management and non-employee directors of the Company. This decrease was offset by gain of $1,231,000 recognized on the sale of one of the Company's rated REMIC certificates in June 1997. The sale of the certificate also reduced the amount of the unrealized gain on the REMIC Certificates which contributed to the unrealized loss position for the six months ended June 30, 1997. On an overall basis, the REMIC Certificates' estimated fair value was approximately $308,000 higher at June 30, 1997 than at June 30, 1996.

Second Quarter 1997 Compared to Second Quarter 1996

Revenues for the three months ended June 30, 1997 were $18,115,000 versus $12,920,000 for the same period in 1996. Revenues increased $5,195,000 or approximately 40% primarily as a result of increased rental income of $2,634,000, increased interest income on mortgage loans of $2,677,000 which was offset by slight decrease in income on the REMIC certificates of $258,000. Rental income increased approximately $1,567,000 as a result of additional properties acquired since June 30, 1996 and $1,109,000 from the full period impact of facilities acquired during the second quarter of 1996. Rental revenue also increased $61,000 from "same store" facilities (facilities owned in both the first half of 1996 and 1997) resulting from rental increases tied to changes in Consumer Price Indices (CPI) and by $134,000 due to contingent rents received from certain facilities based on increases in the facilities' incremental revenues (as defined in the respective leases). These rent increases were offset by a decrease in rent of $237,000 due to the sale of four Texas properties in the second quarter of 1997. Interest income on mortgage loans increased by approximately $2,524,000 due to investments completed since June 30, 1996 and by $153,000 due to the full impact on the current period of loans originated during the second quarter in 1996. Interest income on the REMIC Certificates decreased slightly by $258,000 primarily as a result of periodic yield adjustments made since June 1996. The remaining increase of $142,000 resulted primarily from certain prepayment fees.

Total expenses for the three months ended June 30, 1997 were $9,172,000 versus $7,303,000 for the same period in 1996. The increase of $1,869,000 was due in large part to an increase in interest expense of $797,000. Interest expense increased primarily due to the issuance of convertible subordinated debt in August 1996 and debt assumed by the Company as previously described. Depreciation and amortization expense increased by $746,000 primarily due to the acquisition of additional skilled nursing and assisted living facilities in the past year. Operating and other expenses increased by $172,000 principally due to higher administrative costs. The remaining increase in total expenses of $154,000 related primarily to the minority interest.

Total expenses for the three months ended June 30, 1997, as a percentage of revenues, decreased by approximately 10% compared to the prior period. The decrease in expenses as percentage of revenues was primarily due to the decrease in interest expense, as a percentage of revenues, which decreased approximately 16% due primarily to the reduction of debt associated with the subordinated debt conversions and the two equity offerings the Company completed during the first quarter of 1997 as discussed above. Depreciation expense, as percentage of rental revenues, was comparable between the periods at 30%. Minority interest was comparable, as percentage of revenues, in both periods, while operating and other expenses decreased slightly due the higher revenue base and relative stability of operating expenses.

Other income (loss) decreased primarily as a result of the effect of the increase in the REMIC Certificate's estimated fair value which resulted in a larger unrealized holding gain during the prior period as compared to the current period's unrealized gain of $872,000. Also contributing to the decrease in the current period was $1,120,000 of expense the Company recognized in connection with the accelerated vesting of 64,000 shares of restricted common stock held by executives, certain management and non-employee directors of the Company. This decrease was offset by gain of $1,231,000 recognized on the sale of one of the Company's rated REMIC certificates in June 1997. On an overall basis, the REMIC Certificates' estimated fair value was approximately $308,000 higher at June 30, 1997 than at June 30, 1996.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 1997, the Company's real estate investment portfolio consisted of approximately $289,321,000 invested in owned skilled nursing and assisted living facilities (before accumulated depreciation of $15,738,000), approximately $232,506,000 invested in mortgage loans (before allowance for doubtful accounts of $1,000,000) and approximately $87,725,000 at fair value invested in REMIC Certificates. The Company's portfolio consists of 267 skilled nursing facilities and 62 assisted living facilities in 32 states.

During the six-month period ended June 30, 1997, the Company completed approximately $122,444,000 in new net investments. The investments which closed consisted of approximately $48,340,000 in mortgage loans, approximately $17,748,000 in mortgage loans that will be converted into owned properties and approximately $56,356,000 in owned properties. The Company financed its investments through the sale of 1,000,000 shares of common stock in a public offering at $17.75 per share, the sale of 3,080,000 shares of 9.5% Series A Cumulative Preferred Stock at $25.00 per share, short-term borrowings and cash on hand.

In July 1996, the Company provided a $50,180,000 sale leaseback financing commitment to ALC. In connection with the commitment, the Company entered into a one-year forward ten-year interest rate swap agreement (the "November 1996 Agreement"). The terms of the commitment provide for an initial lease term of twelve years and an lease rate of 9.90% on each facility acquired. The Company will finance this commitment with fixed rate financing, and as such, utilized an interest rate swap to "lock-in" the rate at which such financing will be obtained. Interest rate swaps are contractual agreements between the Company and third parties to exchange fixed and floating interest

payments periodically without the exchange of the underlying principal amounts (notional amounts). Under the November 1996 Agreement, the Company will be credited with interest at the three-month LIBOR and will incur interest at a fixed rate of 6.835% on a $40,000,000 notional amount beginning on November 7, 1997. On March 10, 1997, the Agreement was terminated concurrently with the completion of the equity offerings discussed above. The Company recognized interest income of approximately $440,000 from the termination of the swap agreement.

The Company has the option to redeem, without penalty, its outstanding $699,000 aggregate principal amount of 9.75% Convertible Subordinated Debentures at any time. Since such debentures are convertible into common stock of the Company at a conversion price of $10.00 per share, the Company anticipates that substantially all of such debentures will be converted if it elects to redeem the debentures.

Subsequent to June 30, 1997, the Company completed investments totaling $16,094,000. In conjunction with these investments, $4,286,000 of construction loans made by the Company matured and were repaid. In addition, the Company sold one skilled nursing facility for $4,530,000 and issued a $3,171,000 first mortgage loan in connection with such sale. As of August 12, 1997, the Company had outstanding commitments aggregating approximately $167,000,000. Included in these amounts were commitments to ALC for approximately $16,460,000 and HCI for $50,000,000.

In August 1997, the Company completed the sale of 500,000 shares of the Company's common stock at $18.50 per share in a public offering. The net proceeds of approximately $9,025,000 from the sale were used to pay down borrowings under the Company's lines of credit. As of August 12, 1997, the Company had $95,500,000 in borrowings outstanding under its secured and unsecured lines of credit bearing a weighted average interest rate of approximately 7.40%. In August 1997, the Company obtained a 90-day bank loan at LIBOR plus 3% with no commitment fees of which $10,000,000 was outstanding as of August 12, 1997.

At August 12, 1997, the Company had approximately $140,750,000 available under its shelf registration statement for future issuance of capital from time to time. In addition, based on the current level of available collateral, approximately $33,500,000 could be borrowed under its lines of credit.

The Company also anticipates completing a securitization transaction during the year, the proceeds of which will be used to repay borrowings outstanding under its repurchase agreement and its unsecured line of credit. In September 1995, the Company entered into a seven-year forward interest rate swap agreement (the "September 1995 Agreement") to hedge the securitization which is expected to be completed by the end of 1997. As of June 30, 1997, the Company believes that it is probable that the securitization transaction will occur as scheduled. Under the September 1995 Agreement, beginning on March 31, 1997 and continuing semi-annually thereafter, the Company is to be credited interest at the six month LIBOR and incur interest at a fixed rate of 6.64% on a notional amount of

$60,000,000 which is being accounted for as a hedge. This effectively "locked-in" the net interest margin on $60,000,000 principal amount of senior certificates the Company anticipates will be sold in the securitization transaction. Concurrent with the closing of the hedged transaction, any gains and losses associated with the interest rate swap will be included as a component of the proceeds of the

transaction. The September 1995 Agreement will be terminated at the earlier of (i) an anticipated securitization transaction to be completed during the second half of 1997 or (ii) November 17, 1997. As of June 30, 1997, the Company had an unrealized gain of approximately $156,000 on the September 1995 Agreement.

In addition, in order to further hedge the securitization transaction the Company anticipates to complete during the fourth quarter of 1997, a Treasury Lock agreement was entered into which has a settlement date of December 15, 1997. Under this agreement, the Company locked into a rate of 6.39% on the seven-year Treasury Note Rate on a notional amount of $65,000,000. This Treasury Lock, which is being accounted for as a hedge, effectively "locked in" the net interest margin on $65,000,000 principal amount of additional senior certificates the Company anticipates will be sold in connection with the securitzation. Upon settlement of the Treasury Lock agreement, the Company will either receive or make a payment based on the change in the seven year Treasury Note Rate on the settlement date. The Treasury Lock and the September 1995 Agreement will be extended until the consummation of the securitization transaction, therefore, any associated gains or losses will be included as a component of the fair value of the assets received in the transaction.

The REMIC Certificates retained by the Company are subordinate in rank and right of payment to the certificates sold to third-party investors and as such would bear the first risk of loss in the event of an impairment to any of the underlying mortgages. The returns on the Company's investment in REMIC Certificates are subject to certain uncertainties and contingencies including, without limitation, the level of prepayments, estimated future credit losses, prevailing interest rates, and the timing and magnitude of credit losses on the underlying mortgages collateralizing the securities that are a result of the general condition of the real estate market or long-term care industry. As these uncertainties and contingencies are difficult to predict and are subject to future events that may alter management's estimations and assumptions, no assurance can be given that current yields will not vary significantly in future periods. To minimize the impact of prepayments, the mortgage loans underlying the REMIC Certificates generally prohibit prepayment unless the property is sold to an unaffiliated third party (with respect to the borrower). Additionally, management believes it employs conservative underwriting policies and to date there have been no credit losses on any of the mortgages underlying the certificates nor are any credit losses currently anticipated.

The Certificates' fair values are estimated, in part, based on a spread over the applicable U.S Treasury rate, and consequently, are inversely affected by increases or decreases in such interest rates. There is no active market in these securities from which to readily determine their value. The estimated fair values of the Certificates, including the interest-only certificates, are subject to change based on the estimate of future prepayments and credit losses, as well as fluctuations in interest rates and market risk. Although the Company is required to report its REMIC Certificate investments at fair value, many of the factors considered in estimating their fair value are difficult to predict and are beyond the control of the Company's management, consequently, changes in the reported fair values may vary widely and may not be indicative of amounts immediately realizable if the Company was forced to liquidate any of the Certificates.

The Company believes that its current cash from operations available for distribution or reinvestment, its borrowing capacity, the pending REMIC transaction, and the Company's ability to access the capital markets are available to provide for payment of its operating costs, provide funds for distribution to its stockholders and to fund additional investments. The

Company is considering various alternatives to raise funds to finance future investments.

STATEMENT REGARDING FORWARD LOOKING DISCLOSURE

Certain information contained in this report includes forward looking statements, which can be identified by the use of forward looking terminology such as "may", "will", "expect", "should" or comparable terms or negative thereof. These statements involve risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties include (without limitation) the following: the effect of economic and market conditions and changes in interest rates, government policy relating to the health care industry including changes in reimbursement levels under the Medicare and Medicaid programs, changes in reimbursement by other third party payors, the financial strength of the operators of the Company's facilities as it affects the continuing ability of such operators to meet their obligations to the Company under the terms of the Company's agreements with its borrowers and operators, the amount and the timing of additional investments, access to capital markets and changes in tax laws and regulations affecting real estate investment trusts.

PART II

LTC PROPERTIES, INC.

OTHER INFORMATION

JUNE 30, 1997

<TABLE>
<CAPTION>

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

<S>	<C>
(a)	EXHIBITS
10.1	Promissory note dated August 11,1997 for $10,000,000 between LTC Properties, Inc. and Sanwa Bank California
10.2	Form of Swap Transaction Agreement dated August 12, 1997 between LTC Properties, Inc. and Bank of America National Trust and Savings Association
11	Computation of earnings per share
27	Financial Data
	In accordance with Item 601(b)(4)(iii) of Regulation S-K, certain instruments pertaining to Registrant's long-term debt have not been filed; copies thereof will be furnished to the Securities and Exchange Commission upon request.
(b)	REPORTS ON FORM 8-K
	No reports on Form 8-K were filed by the Company during the three months ended June 30, 1997.

</TABLE>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LTC PROPERTIES, INC.
Registrant

Dated: December 5, 1997

By: /s/ JAMES J. PIECZYNSKI

James J. Pieczynski
President and Chief Financial Officer

EXHIBIT 10.1

PROMISSORY NOTE

$10,000,000 Los Angeles, California
August 11, 1997

For value received, LTC Properties, Inc. (the "Company") unconditionally promises to pay to the order of Sanwa Bank California (the "Bank"), at its principal office located at 601 S. Figueroa Street, 8th Floor, Los Angeles, California 90017, the principal amount of TEN MILLION DOLLARS ($10,000,000.00) on November 10, 1997 (the "Maturity Date"); *provided, however* that this Note shall become immediately due and payable upon (i) the occurrence of any of the events set forth in Section 9 of the Second Amended and Restated Revolving Credit Agreement dated as of May 21, 1996 among the Company, the Bank, as agent, and the banks party thereto, as amended (the "*Credit Agreement*"), each of the terms of which Section 9 are hereby incorporated herein *mutatis mutandis* or (ii) the filing by, or against, the Company of any petition for protection under the United States Bankruptcy Code, or any similar statute.

Capitalized terms shall have the meanings assigned to such terms in Annex I to this Note.

The Company promises to pay interest on the unpaid balance of the principal amount of this Note from and including the date of this Note to but excluding the date this Note is paid in full at a rate per annum equal to the Eurodollar Rate or, if applicable as provided below, the Base Rate.

The principal amount of this Note, plus all accrued interest, shall be due and payable on the Maturity Date or such earlier date as provided in this Note. Any amount of principal of or interest on this Note not paid when due (whether by maturity, acceleration or otherwise) shall bear interest from and including such date to but excluding the date paid in full, at a rate per annum equal to 2.0% in excess of the rate set forth below (the "Post-Default Rate").

Accrued interest on each Loan shall be payable (i) in the case of a Base Rate Loan, monthly on the last day of each month, (ii) in the case of a Eurodollar Loan, on the last day of each Interest Period for such Loan and (iii) in the case of any Loan, upon the payment or prepayment of such Loan or the Conversion or Continuance of such Loan to a Loan of another Type (but only on the principal amount so paid, prepaid, Converted or Continued), except that interest payable at the Post-Default Rate shall be payable from time to time on demand. Interest shall be calculated on the basis of a year of 360 days for the actual number of days elapsed.

The Company shall have the right to prepay Loans, or to Convert Loans of one Type into Loans of another Type or Continue Loans of one Type as Loans of the same Type, at any time or from time to time; *provided that*: (a) the Company shall give the Bank notice of each such prepayment, Conversion or Continuation as provided herein (and, upon the date specified in any such notice of prepayment, the amount to be prepaid shall become due and payable hereunder); (b) Eurodollar Loans may be Continued or Converted only on the last day of an Interest Period for

such Loans; and (c) Eurodollar Loans may only be prepaid on the last day of an Interest Period for such Loans unless all costs to be paid pursuant to *Section 5* of the Credit Agreement (each of the terms, conditions and provisions of which are hereby incorporated herein *mutatis mutandis*) as a result of such prepayment are paid simultaneously with such prepayment. Notwithstanding the foregoing, and without limiting the rights and remedies of the Bank, in the event that any default under this Note or under the Credit Agreement shall have occurred and be continuing, the Bank may suspend the right of the Company to Convert any Loan into a Eurodollar Loan, or to Continue any Loan as a Eurodollar Loan, in which event all Loans shall be Converted into (on the last day(s) of their respective Interest Periods) into Base Rate Loans. In addition upon the occurrence of any of the events set forth in Section 5 of the Credit Agreement precluding the making of Eurodollar Loans, all Eurodollar Loans shall be Converted into Base Rate Loans.

Notices by the Company to of Conversions, Continuations and optional prepayments of Loans, of Types of Loans and of the duration of Interest Periods shall be irrevocable and shall be effective only if received by the Bank not later than 12:00 noon Los Angeles time three Business Days prior to the date of the relevant Conversion, Continuation or prepayment or the first day of such Interest Period.

Each notice of Conversion, Continuation or optional prepayment shall specify the Loans to be Converted, Continued or prepaid and the amount and Type of each Loan to be Converted, Continued or prepaid (and, in the case of a Conversion, the Type of Loan to result from such Conversion) and the date of Conversion, Continuation or optional prepayment (which shall be a Business Day). Each such notice of the duration of an Interest Period shall specify the Loans to which such Interest Period is to relate. In the event that the Company fails to select the Type of Loan, or the duration of any Interest Period for any Eurodollar Loan, within the time period and otherwise as provided in this Note, such Loan (if outstanding as a Eurodollar Loan) will be automatically Converted into a Base Rate Loan on the last day of the then current Interest Period for such Loan or (if outstanding as a Base Rate Loan) will remain as, or (if not then outstanding) will be made as, a Base Rate Loan.

Each Conversion and partial prepayment of principal of Loans shall be in an aggregate amount at least equal to $1,000,000 (Conversions or prepayments of or into Loans of different Types or, in the case of Eurodollar Loans, having different Interest Periods at the same time to be deemed separate borrowings, Conversions and prepayments for purposes of the foregoing, one for each Type or Interest Period). Notwithstanding any other provision of this Agreement, the aggregate principal amount of Eurodollar Loans of each Type having the same Interest Period shall be in an amount at least equal to $1,000,000 and, if any Eurodollar Loans would otherwise be in a lesser principal amount for any period, such Loans shall be Base Rate Loans during such period.

No more than three separate Interest Periods in respect of Eurodollar Loans from each Bank may be outstanding at any one time.

All payments under this Note shall be made in lawful money of the United States of America and in immediately available funds at the Bank's principal office specified above. The Bank may (but shall not be obligated to) debit the amount of any payment that is not made when due

(whether by maturity, acceleration or otherwise) to any deposit account of the Company with the Bank. This Note may be prepaid in full or in part without penalty.

The Company waives presentment, notice of dishonor, protest and any other notice or formality with respect to this Note.

The Company agrees to reimburse the Bank on demand for all costs, expenses and charges (including, without limitation, attorneys' fees and charges) in connection with the negotiation, documentation, interpretation, performance or enforcement of this Note.

This Note shall be binding on the Company and its successors and assigns and shall inure to the benefit of the Bank and its successors and assigns; provided that the Company may not delegate any obligations under this Note without prior written consent of the Bank.

The Company represents and warrants that:

It is a corporation duly organized, validly existing and in good standing under the laws of the State of Maryland and has all requisite corporate power, and has all material governmental approvals necessary, to own its assets and to carry on its business as now being or as proposed to be conducted;

The execution and delivery of this Note will not conflict with or result in a breach of, or require any consent under, the charter or by-laws of the Company or any applicable governmental regulation or the Credit Agreement or any other material agreement or instrument to which the Company is a party or to which it is subject, or constitute a default under, or result in the termination of, or result in the acceleration or mandatory prepayment of, any indebtedness evidenced by the Credit Agreement or any such other agreement or instrument;

Each of the representations and warranties contained in the Credit Agreement are true and correct prior to and after giving effect to the execution and delivery of this Note and the incurrence of the indebtedness evidenced hereby; and

The Company has all necessary corporate power and authority to execute, deliver and perform its obligations under this Note; the execution, delivery and performance by the Company of this Note has been duly authorized by all necessary corporate action on its part; and this Note when executed and delivered by the Company for value will constitute, its legal, valid and binding obligation, enforceable against it in accordance with its terms.

Each of the terms, conditions and provisions of Section 8 of the Credit Agreement are hereby incorporated herein *mutatis mutandis*.

All notices and communications to be given under this Note shall be given or made in writing to the intended recipient at the address specified below or, at such other address as shall be designated in a notice given to such entity. All such communications shall be deemed to have been duly given when transmitted by telex or telecopier, delivered to the telegraph or cable office or

personally delivered or, in the case of a mailed notice, upon receipt, in each case, given or addressed as follows:

To the Company: LTC Properties, Inc.
300 Esplanade Drive
Suite 1860
Oxnard, California 93050

Attn: Mr. James Pieczynski

To the Bank: Sanwa Bank California
601 S. Figueroa Street
8th Floor
Los Angeles, California 90017

Attn: Mr. John C. Hyche

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THE STATE OF CALIFORNIA. THE COMPANY HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA AND OF ANY CALIFORNIA STATE COURT SITTING IN LOS ANGELES, CALIFORNIA FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THE COMPANY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

THE COMPANY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDED AND RESTATED NOTE OR THE TRANSACTIONS CONTEMPLATED BY THIS AMENDED AND RESTATED NOTE.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed and delivered as of the day and year first above written.

LTC PROPERTIES, INC.

By /s/ James J. Pieczynski

Name: James J. Pieczynski
Title: Senior VP & CFO

ANNEX I

DEFINITIONS

"*Base Rate*" shall mean, for any day, a rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus 1/2 of 1% and (b) the Reference Rate for such day. Each interest rate that is to be based upon the Base Rate shall change upon any change in the Base Rate, effective as of the opening of business on the day of such change in the Base Rate.

"*Business Day*" shall mean (a) any day on which commercial banks are not authorized or required to close in Los Angeles, California and (b) if such day relates to a payment or prepayment of principal of or interest on, a Conversion of or into, or an Interest Period for, a Eurodollar Loan or a notice by the Company with respect to any such borrowing, payment, prepayment, Conversion or Interest Period, any day on which dealings in Dollar deposits are carried out in the London interbank market.

"Continue," "Continuation" and "Continued" shall refer to the continuation of a Eurodollar Loan of one Type as a Eurodollar Loan of the same Type from one Interest Period to the next Interest Period.

"Eurodollar Base Rate" shall mean, with respect to any Eurodollar Loan for any Interest Period for such Loan, the rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) as determined by the Bank at approximately 11:00 a.m. London time (or as soon thereafter as practicable) on the date two Business Days prior to the first day of such Interest Period for the offering by lenders to leading banks in the London interbank market of Dollar deposits having a term comparable to such Interest Period and in an amount comparable to the principal amount of the Eurodollar Loan to be made by the Bank for such Interest Period.

"Eurodollar Loans" shall mean Loans that bear interest at rates based on the Eurodollar Rate.

"Eurodollar Rate" shall mean, for any Eurodollar Loan for any Interest Period for such Loan, a rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) determined by the Bank to be equal to the sum of (a) the Eurodollar Base Rate for such Loan for such Interest Period divided by 1 minus the Reserve Requirement for such Loan for such Interest Period, plus 1.00%.

"Federal Funds Rate" shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (b) if such rate is not so published for any Business Day, the Federal Funds Rate for such Business Day shall be the

average rate charged to the Bank on such Business Day on such transactions as determined by the Bank.

"Interest Period" shall mean, with respect to any Eurodollar Loan, each period commencing on the date such Eurodollar Loan is made or Converted from a Loan of another Type or the last day of the next preceding Interest Period for such Loan and ending on the numerically corresponding day in the first, second or third calendar month thereafter, as the Company may select as provided in the Note, except that each Interest Period that commences on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month. Notwithstanding the foregoing: (i) no Interest Period may end after the Maturity Date; (ii) each Interest Period that would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day (or, in the case of an Interest Period for a Eurodollar Loan, if such next succeeding Business Day falls in the next succeeding calendar month, on the next preceding Business Day); and (iii) notwithstanding clauses (i) and (ii) above, no Interest Period for any Loan shall have a duration of less than one month and, if the Interest Period for any Eurodollar Loan would otherwise be a shorter period, such Loan shall not be available under this Agreement for such period.

"Loans" shall mean the initial $10,000,000 loan made hereunder and any Continuations or Conversions of such loan, which may be Base Rate Loans, Eurodollar Loans or both.

"Reference Rate" shall mean the rate of interest from time to time announced by the Bank as its reference rate. Such announced rate is not necessarily the lowest rate offered by the Bank and any other extension of credit by the Bank may be at rates above, below or at such announced rate.

"Reserve Requirement" shall mean, for any Interest Period for any Eurodollar Loan, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding one billion Dollars against "Eurocurrency liabilities" (as such term is used in Regulation D).

Without limiting the effect of the foregoing, the Reserve Requirement shall include any other reserves required to be maintained by such member banks by reason of any Regulatory Change with respect to (i) any category of liabilities that includes deposits by reference to which the Eurodollar Base Rate for Eurodollar Loans is to be determined as provided in the definition of "Eurodollar Base Rate" or (ii) any category of extensions of credit or other assets that includes Eurodollar Loans.

"<u>Type</u>" with respect to a Loan, means whether such Loan is a Base Rate Loan or a Eurodollar Loan, each of which constitutes a Type.

EXHIBIT 10.2

FORM OF SWAP TRANSACTION AGREEMENT

[Bank of America Logo]

TO: LTC Properties, Incorporated ("Counterparty")
Attn: Darrell Struck
Rapidfax: 805-981-8663

FROM: Bank of America National Trust and Savings Association ("BofA")
185 Berry Street
San Francisco, CA 94107
Derivative Products Operations
Phone No.: 415-624-1111
Rapidfax: 415-624-1101

DATE: August 12, 1997

RE: USD 65,000,000.00 Swap Transaction
Our Confirmation Reference: 1210 / 70808S3A

Dear Sir/Madam:

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Swap Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 1991 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. The parties agree that the Swap Transaction described in this Confirmation constitutes their binding obligations. Except as set forth in this Confirmation, the Swap Transaction shall be subject to all the terms and conditions of the form of the master agreement entitled "Master Agreement" ("Multicurrency-Cross Boarder" version) as published in 1992 by the International Swaps and Derivatives Association, Inc., (and herein called the "ISDA Agreement"), excluding the "Schedule" thereto. Counterparty and BofA shall negotiate a Schedule and upon agreement shall sign the ISDA Agreement whereupon this Confirmation shall be deemed automatically, without further action of any party, to be a Confirmation under the Agreement; provided however, that unless and until Counterparty of BofA agree upon and sign the Agreement, the preceding sentence shall have full force and effect.

THIS FACSIMILE TRANSACTION WILL BE THE ONLY WRITTEN COMMUNICATION REGARDING THIS SWAP TRANSACTION. Pursuant to ISDA guidelines, this facsimile transmission will be sufficient for all purposes to evidence a binding supplement to the Agreement. However, should you have an internal requirement for confirmations with an original signature, we request that you sign and return this Confirmation by facsimile, whereupon, we will add an original signature to the fully executed Confirmation, and forward it to you by mail.

2. The terms of the particular Swap Transaction, which is a Treasury Lock, to which this Confirmation relates are as follows:

Notional Amount:	USD 65,000,000.00
Trade Date:	August 8, 1997
Termination Date:	December 15, 1997, 2:00 P.M. New York time
Fixed Rate Payer:	Counterparty

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<S>	<C>
Fixed Rate:	6.3875%
Floating Rate Payer:	BofA
Floating Rate:	The Settlement Yield
Reference Security:	Interpolated Seven-Year United States Government Treasury Security based on (i) the most recently auctioned Five-Year United States Government Treasury Security as of the Termination Date (the "Five-Year Treasury") and (ii) the most recently auctioned Ten-Year United States Government Treasury Security as of the Termination Date (the "Ten-Year Treasury"). For purposes of the interpolation, 60% of the Five-Year Treasury will be used and 40% of the Ten-Year Treasury will be used.
Settlement Yield:	60% of the yield to maturity of the Five-Year Treasury plus 40% of the yield to maturity of the Ten-Year Treasury on

	the Termination Date.
Settlement Cash Flow:	On the Termination Date, the Settlement Cash Flow shall mean the amount calculated as the product of (i) the difference, in basis points (i.e., .0001 = 1 basis point) between the Settlement Yield and the Fixed Rate, (ii) the Dollar Value of One Reference Security Basis Point, as of Termination Date, and (iii) the Notional Amount (expressed in units of $1MM).
Dollar Value of One Reference Security Basis Point:	60% of the price change, expressed in Dollars, which would occur on one million face amount of (i) the Five-Year Treasury if the yield to maturity moves one basis point away from the Settlement Yield.
If Settlement Yield is Greater than Fixed Rate:	BofA Settlement Cash Flow to Counterparty
If Settlement yield is Less than Fixed Rate:	Counter party pays Settlement Cash Flow to BofA
Payment Date:	December 17, 1997
Rounding:	To the nearest 1/1000 of the rate stated as a percent
Governing Law:	New York
Settlement Yield and Settlement Cash Flow Determination Agent:	BofA

3. Account Details

Payments to BofA:	FED FUNDS TO BANK OF AMERICA NT AND SA SAN FRANCISCO ABA NO. 1210-0035-8 BISD ACCT NO. 33006-83980 ATTN: INTERST RATE SWAP OPERATIONS

</TABLE>

<TABLE>

<S>	<C>
Payments to Counterparty:	FED FUNDS TO SANWA BANK OF CALIFORNIA, ABA NO. 1220-0351-6, ACCT. LTC PROPERTIES, INCORPORATED, ACCT NO. 0496-17539

4. Offices:

Office of BofA:	The San Francisco Head Office
Office of Counterparty:	Oxnard, CA

Other Provisions Applicable to BofA

Specified Entities of BofA:	None
Credit Support Document(s) Relating to BofA:	None
Credit Support Provider Relating to BofA:	None
Agreements of BofA:	As per Section 4 of the ISDA Agreement.
Representations of BofA:	As per Section 3 of the ISDA Agreement.

Other Provisions Applicable to Counterparty

Specified Entities of Counterparty:	As may be indicated in the Agreement, if at all.
Credit Support Document(s) Relating to Counterparty:	As may be indicated in the Agreement, if at all.
Credit Support Provider Relating to Counterparty:	As may be indicated in the Agreement, if at all.
Agreements of Counterparty:	As per Section 4 of the ISDA Agreement.
Representations of Counterparty:	As per Section 3 of the ISDA Agreement.

Other Provisions (General)

(A) Other Agreements:	Corporate Resolution, Specimen Signature Certificate and other documentation jas indicated in the Agreement, if at all.
(B) Events of Default:	As per Section 5 of the ISDA Agreement and Cross Default as indicated in the Agreement, if at all.
(C) Termination Events:	All the Termination Events specified in Section 5(b) of the ISDA Agreement will apply (including Credit Event Upon Merger).
(D) Early Termination:	As per Section 6 of the ISDA Agreement, it being the parties' intent that Section 6 apply to all outstanding Swap

Transactions before (as well as after) execution of the Agreement.

</TABLE>

<TABLE>

<S>	<C>
(E) Tax Representations:	Counterparty and BofA make the Payer Representations contained in Part 2 of the Schedule to the ISDA Agreement. Payee Representations may be indicated in Part 3 of the Schedule to the Agreement, if applicable.
(F) Tax Agreements of BofA and Counterparty:	As may be indicated in the Agreement if at all.
(G) Variations to the ISDA Agreement:	BofA has made certain amendments to the ISDA Agreement which it believes are of a noncontentious nature. These amendments will be specified in the draft Agreement to be sent by BofA to Counterparty.
(H) Documentation:	This Confirmation will constitute a binding agreement with respect to the Swap Transaction described herein. Without prejudice to the preceding sentence, Counterparty and BofA will negotiate in good faith to enter into the Agreement as soon as practicable after the date of this Confirmation.

</TABLE>

Please confirm your agreement to be bound by the terms stated herein by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a telex or letter, within 24 hours of receipt of this Confirmation to Bank of America NT & SA San Francisco Telex No. 249839 Answer Back OPRST UP or Rapidfax No. 415-624-1101 Attention: Derivative Products Operations, substantially in the form below:

Quote

We acknowledge receipt of your rapidfax dated August 12, 1997 with respect to the Swap Transaction entered into on August 8, 1997 between LTC Properties Incorporated and Bank of America National Trust and Savings Association with a Notional Amount of USD 65,000,000.00 and a Termination Date of December 15, 1997, and confirm our agreement to be bound by the terms specified in such rapidfax.

Unquote

EXHIBIT 11
LTC PROPERTIES, INC.
COMPUTATION OF NET INCOME PER SHARE (UNAUDITED)

(IN THOUSANDS EXCEPT PER SHARE AMOUNT)

<TABLE>
<CAPTION>

	(RESTATED) Three months ended June 30, 1997		1996	
<S>	<C>		<C>	
PRIMARY:				
Net income applicable to common shares	$8,098		$4,906	
Applicable common shares:				
Weighted average outstanding shares during the period	22,831		18,548	
Weighted average shares issuable upon exercise of common stock equivalents outstanding (principally stock options using the the treasury stock method)	315		411	
Total	23,146		18,959	
Net income per share of common stock	$0.35		$0.26	
FULLY DILUTED:				
Net income	$8,098		$4,906	
Add back minority interest	-	(a)	-	(a)
Reduction of interest and amortization expenses resulting from assumed conversion of 9.75% convertible subordinated debentures	21		47	
Reduction of interest and amortization expenses resulting from assumed conversion of 8.5% convertible subordinated debentures	-	(a)	-	(a)
Reduction of interest and amortization expenses resulting from assumed conversion of 8.25% convertible subordinated debentures	-	(a)	-	(a)
Reduction of interest and amortization expenses resulting from assumed conversion of 7.75% convertible subordinated debentures	-	(a)	-	(a)
Less applicable income taxes	-		-	
Adjusted net income applicable to common shares	$8,119		$4,953	
Applicable common shares:				
Weighted average outstanding shares during the period	22,831		18,548	
Weighted average shares issuable upon exercise of common stock equivalents outstanding (principally stock options using the treasury stock method)	323		435	
Assumed conversion of partnership units	-	(a)	-	(a)
Assumed conversion of 9.75% convertible subordinated debentures	82		191	
Assumed conversion of 8.5% convertible subordinated debentures	-	(a)	-	(a)
Assumed conversion of 8.25% convertible subordinated debentures	-	(a)	-	(a)
Assumed conversion of 7.75% convertible subordinated debentures	-	(a)	-	(a)
Less contingent shares	-		-	
Total	23,236		19,174	
Net income per share of common stock	$0.35		$0.26	

a) Conversion of partnership units and convertible subordinated debentures would be anti-dilutive and is therefore not assumed in the computation of fully diluted net income per share of common stock.
</TABLE>

EXHIBIT 11

LTC PROPERTIES, INC.

COMPUTATION OF NET INCOME PER SHARE (UNAUDITED)

(IN THOUSANDS EXCEPT PER SHARE AMOUNT)

<TABLE>
<CAPTION>

	(RESTATED) Six months ended June 30, 1997	1996
<S>	<C>	<C>
PRIMARY:		

Net income applicable to common shares	$14,205	$16,737
	========	=======
Applicable common shares:		
Weighted average outstanding shares during the period	22,413	18,482
Weighted average shares issuable upon exercise of common stock equivalents outstanding (principally stock options using the the treasury stock method)	389	418
	--------	-------
Total	22,802	18,900
	========	=======
Net income per share of common stock	$0.62	$0.89
FULLY DILUTED:		
Net income	$14,205	$16,737
Add back minority interest	- (a)	- (a)
Reduction of interest and amortization expenses resulting from assumed conversion of 9.75% convertible subordinated debentures	42	99
Reduction of interest and amortization expenses resulting from assumed conversion of 8.5% convertible subordinated debentures	- (a)	- (a)
Reduction of interest and amortization expenses resulting from assumed conversion of 8.25% convertible subordinated debentures	- (a)	- (a)
Reduction of interest and amortization expenses resulting from assumed conversion of 7.75% convertible subordinated debentures	- (a)	- (a)
Less applicable income taxes	-	-
	--------	-------
Adjusted net income applicable to common shares	$14,247	$16,836
	========	=======
Applicable common shares:		
Weighted average outstanding shares during the period	22,413	18,482
Weighted average shares issuable upon exercise of common stock equivalents outstanding (principally stock options using the treasury stock method)	389	435
Assumed conversion of partnership units	- (a)	- (a)
Assumed conversion of 9.75% convertible subordinated debentures	83	199
Assumed conversion of 8.5% convertible subordinated debentures	- (a)	- (a)
Assumed conversion of 8.25% convertible subordinated debentures	- (a)	- (a)
Assumed conversion of 7.75% convertible subordinated debentures	- (a)	- (a)
Less contingent shares	-	-
	--------	-------
Total	22,885	19,116
	========	=======
Net income per share of common stock	$0.62	$0.88
	=========	========

a) Conversion of partnership units and convertible subordinated debentures would be anti-dilutive and is therefore not assumed in the computation of fully diluted net income per share of common stock.
</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-Q JUNE 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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</TABLE>