FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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BALCOR PENSION INVESTORS IV

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended March 31, 1994

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 0-11699

BALCOR PENSION INVESTORS-IV
(Exact name of registrant as specified in its charter)

Illinois	36-3202727
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Balcor Plaza	
4849 Golf Road, Skokie, Illinois	60077-9894
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (708) 677-2900

Indicate by check mark whether the Registrant (1) has filed all reports required 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 the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X . No .

BALCOR PENSION INVESTORS-IV
(An Illinois Limited Partnership)

BALANCE SHEETS
March 31, 1994 and December 31, 1993

(Unaudited)

ASSETS

	1994	1993
Cash and cash equivalents	$ 13,550,049	$ 14,917,086
Cash and cash equivalents - Early Investment Incentive Fund	293,812	278,978
Escrow deposits	1,526,594	1,607,545
Escrow deposits - restricted		232,452
Accounts and accrued interest receivable	126,629	533,526
Deferred expenses, net of accumulated amortization of $19,162 in 1994 and $13,530 in 1993	163,531	169,163
Other assets		78,538
	15,660,615	17,817,288
Investment in loans receivable:		
Loans receivable - first mortgage	3,117,939	1,247,350
Less:		
Allowance for potential loan loss	250,000	250,000
Net investment in loans receivable	2,867,939	997,350
Loan in substantive foreclosure		1,896,953
Real estate held for sale (net of allowance of $1,277,805 in 1994 and 1993)	41,368,106	42,852,935
Investment in joint venture with affiliates	4,211,830	4,090,735
	48,447,875	49,837,973
	$ 64,108,490	$ 67,655,261

LIABILITIES AND PARTNERS' CAPITAL

	1994	1993
Accounts and accrued interest payable	$ 696,468	$ 727,417
Due to affiliates	178,932	86,745
Other liabilities (principally security and escrow deposits)	254,652	545,134
Mortgage notes payable	11,510,402	14,410,060
Total liabilities	12,640,454	15,769,356

Partners' capital (429,606 Limited Partnership Interests issued)	58,910,018	59,327,887
Less Interests held by Early Investment Incentive Fund (25,777 in 1994 and 1993)	(7,441,982)	(7,441,982)
	51,468,036	51,885,905
	$ 64,108,490	$ 67,655,261

The accompanying notes are an integral part of the financial statements.

BALCOR PENSION INVESTORS-IV
(An Illinois Limited Partnership)

STATEMENTS OF INCOME AND EXPENSES
for the quarters ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
Income:		
Interest on loans receivable and loans in substantive foreclosure	$ 70,377	$ 737,881
Less interest on loans payable - underlying mortgages		146,996
Net interest income on loans receivable	70,377	590,885
Income from operations of real estate held for sale	514,412	190,818
Participation in income of joint venture with affiliates	101,622	39,729
Interest on short-term investments	142,104	114,524
Total income	828,515	935,956
Expenses:		
Mortgage servicing fees	6,384	14,358
Administrative	355,600	286,260
Total expenses	361,984	300,618
Income before net gain on sale of real estate	466,531	635,338
Net gain on sale of real estate	1,170,546	
Net income	$ 1,637,077	$ 635,338

Net income allocated to General Partner	$ 122,781	$ 47,650
Net income allocated to Limited Partners	$ 1,514,296	$ 587,688
Net income per average number of Limited Partnership interests outstanding (403,829 in 1994 and 406,681 in 1993)	$ 3.75	$ 1.45
Distribution to General Partner	$ 35,801	$ 62,651
Distribution to Limited Partners	$ 2,019,145	$ 712,241
Distribution per Limited Partnership Interest	$ 5.00	$ 1.75

The accompanying notes are an integral part of the financial statements.

BALCOR PENSION INVESTORS-IV
(An Illinois Limited Partnership)

STATEMENTS OF CASH FLOWS
for the quarters ended March 31, 1994 and 1993
(Unaudited)

	1994	1993
Operating activities:		
Net income	$ 1,637,077	$ 635,338
Adjustments to reconcile net income to net cash provided by operating activities:		
Net gain on sale of real estate	(1,170,546)	
Participation in income of joint venture with affiliates	(101,622)	(39,729)
Accrued interest income due at maturity		(55,115)
Amortization of deferred expenses	5,632	
Net change in:		
Escrow deposits	80,951	(225,225)
Escrow deposits-restricted	232,452	
Accounts and accrued interest receivable	406,897	202,772
Other assets	78,538	(158,370)
Accounts and accrued interest payable	(30,949)	(32,787)
Due to affiliates	92,187	33,567
Other liabilities	(290,573)	77,708
Net cash provided by operating activities	940,044	438,159

Investing activities:		
Capital contribution to joint venture with affiliates	(19,473)	
Collection of principal payments on loan receivable and loan in substantive foreclosure	26,364	33,583
Additions to real estate		(15,599)
Proceeds from sale of real estate	3,250,000	
Costs incurred in connection with sale of real estate	(244,360)	
Costs incurred in connection with real estate acquired through foreclosure	(350,174)	
Net cash provided by investing activities	2,662,357	17,984
Financing activities:		
Distribution to Limited Partners	(2,019,145)	(712,241)
Distribution to General Partner	(35,801)	(62,651)
Change in cash and cash equivalents - Early Investment Incentive Fund	(14,834)	(6,662)
Repurchase of Limited Partnership Interests		(54,460)
Principal payments on underlying loan payable		(13,466)
Principal payments on mortgage notes payable	(61,185)	(163,274)
Repayment of mortgage note payable	(2,838,473)	
Net cash used in financing activities	(4,969,438)	(1,012,754)
Net change in cash and cash equivalents	(1,367,037)	(556,611)
Cash and cash equivalents at beginning of year	14,917,086	14,460,945
Cash and cash equivalents at end of period	$ 13,550,049	$ 13,904,334

The accompanying notes are an integral part of the financial statements.

BALCOR PENSION INVESTORS-IV
(An Illinois Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policy:

In the opinion of management, all adjustments necessary for a fair presentation have been made to the accompanying statements for the quarter ended March 31, 1994, and all such adjustments are of a normal and recurring nature.

2. Interest Expense:

During the quarters ended March 31, 1994 and 1993, the Partnership incurred interest expense on mortgage notes payable of $281,403 and $383,988 and paid interest expense of $253,646 and $383,988, respectively.

3. Transactions with Affiliates:

Fees and expenses paid and payable by the Partnership to affiliates for the quarter ended March 31, 1994 are:

	Paid	Payable
Mortgage servicing fees	$ 5,992	$ 3,700
Property management fees	86,962	28,031
Reimbursement of expenses to the General Partner - at cost:		
Accounting	2,881	27,143
Data processing	None	57,410
Investor communications	770	6,914
Legal	663	8,340
Portfolio management	5,834	42,889
Other	533	4,505

4. Real Estate Held for Sale:

The Partnership acquired the North Kent Mall and the Glendale Fashion Center in January and March 1994, respectively. These properties were classified as real estate held for sale at December 31, 1993. The Partnership recorded the cost of the properties at $15,849,638 which was equal to the outstanding loan balances plus accrued interest receivable. In addition, the Partnership increased the bases of the properties by $304,713 which represented other receivables, liabilities, escrows and costs recognized or incurred in connection with the foreclosures.

5. Property Sale:

In February 1994, the Partnership sold the Republic Park Office Building located in Aurora, Colorado in an all cash sale for $3,250,000. The carrying value of the property sold was $1,835,094 and the Partnership incurred selling expenses of $244,360. For financial statement purposes, the Partnership recognized a gain of $1,170,546 on the sale of the property during the first quarter of 1994.

6. Subsequent Event:

In April 1994, the Partnership made a distribution of $2,599,116 ($6.05 per Interest) to the Limited Partners which represents a regular quarterly distribution of available Cash Flow of $1.50 per Interest for the first quarter of 1994, and $4.55 per Interest which represents the Mortgage Reductions received from prior property sales and loan repayments.

BALCOR PENSION INVESTORS-IV
(An Illinois Limited Partnership)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Balcor Pension Investors-IV (the "Partnership") is a limited partnership formed in 1982 to invest in wrap-around mortgage loans and, to a lesser extent, make other junior mortgage loans and first mortgage loans. The Partnership raised $214,803,000 through the sale of Limited Partnership Interests and utilized these proceeds to fund thirty-eight loans. To date, the Partnership has distributed $548.10 per $500 Interest, of which $313.10 represents Cash Flow from operations and $235.00 represents a return of Original Capital. As of March 31, 1994, there are two loans outstanding in the Partnership's portfolio. In addition, the Partnership is operating seven properties held for sale and holds a minority joint venture interest in one property.

Inasmuch as the management's discussion and analysis below relates primarily to the time period since the end of the last fiscal year, investors are encouraged to review the financial statements and the management's discussion and analysis contained in the annual report for 1993 for a more complete understanding of the Partnership's financial position.

Operations

Summary of Operations

The Partnership recognized a gain on the sale of the Republic Park Office Building during 1994 which was the primary reason for the increase in net income during the quarter ended March 31, 1994 as compared to the same period in 1993. Further discussion of the Partnership's operations is summarized below.

1994 Compared to 1993

The foreclosures of the North Kent Mall and the Glendale Fashion Center in January and March 1994, respectively, and the repayment of the Lantana Cascades Mobile Home Park loan in October 1993 were the primary reasons for the decrease in net interest income on loans receivable during the quarter ended March 31, 1994 as compared to the same period in 1993.

The Partnership has one non-accrual loan at March 31, 1994 which is collateralized by the Stonehaven South Apartments located in Kansas City, Missouri. The funds advanced by the Partnership for this non-accrual loan total approximately $2,800,000, representing approximately 1% of original funds advanced. For non-accrual loans, income is recorded only as cash payments are received from the borrowers. During the quarter ended March 31, 1994, the Partnership received cash payments of interest income totaling approximately $29,000 on this loan. Under the terms of the original loan agreement, the Partnership would have received approximately $94,000 of interest income.

The allowance for potential losses provides for potential losses on loans and is based upon loan loss experience for similar loans and prevailing economic conditions in the market in which the collateral properties are located and the General Partner's analysis of specific loans in the Partnership's portfolio. While actual losses may vary from time to time because of changes in circumstances (such as occupancy rates, rental rates, and other economic factors), the General Partner believes that adequate recognition has been given to loss exposure in the portfolio at March 31, 1994.

Operations of real estate held for sale represent the net operations of those properties acquired by the Partnership through foreclosure. At March 31, 1994, the Partnership was operating seven properties which comprise approximately 16% of the Partnership's portfolio based on original funds advanced. Operations improved at the Palm View Apartments due to increased occupancy resulting from the completion of exterior painting at the property during 1993. Rental income increased at the Pelican Pointe Apartments and interest expense decreased at the Del Lago and Pelican Pointe apartment complexes due to the repayment of the mortgage notes. In addition, the Partnership acquired the North Kent Mall in January 1994 which generated cash flow. Finally, the Shadows Apartments and the Republic Park Office Building, which were generating income, and the 240 E. Ontario Office Building, which operated at a loss, were sold in April 1993, February 1994, and June 1993, respectively. The combined effect of these events resulted in an increase in income from the operations of the Partnership's properties during the quarter ended March 31, 1994 as compared to the same period in 1993.

Participation in income of joint venture with affiliates represents the Partnership's 15.37% share of the operations of the Perimeter 400 Center Office Building. Operations at the Perimeter 400 Center Office Building improved during 1994 due to increased rental income and lower real estate tax expense. The increase in rental income was due to higher average occupancy levels, while the decrease in real estate taxes was attributable to a refund received in 1994 relating to the 1993 taxes due to a reduction in the assessed value of the property. As a result, participation in income of joint venture with affiliates increased during the quarter ended March 31, 1994 as compared to the same period in 1993.

As a result of higher average cash balances available for investment, interest income on short-term investments increased during the quarter ended March 31, 1994 as compared to the same period in 1993.

The reduced amount of loans being serviced during the first quarter of 1994 due to the relinquishment of the Oakwood Village Apartments loan through foreclosure, the Lantana Cascades loan repayment and the 1994 foreclosures has resulted in a decrease in mortgage servicing fees during the quarter ended March 31, 1994 as compared to the same period in 1993.

Increased legal and professional fees caused administrative expenses to increase during the quarter ended March 31, 1994 as compared to the same period in 1993.

During the quarter ended March 31, 1994, the Partnership recognized a gain of $1,170,546 on the sale of the Republic Park Office Building located in Aurora, Colorado. See Note 5 of Notes to Financial Statements for additional information.

Liquidity and Capital Resources

The Partnership received cash flow from its operating activities. The operating cash flow generated from interest income earned on its investment in loans receivable and short-term interest bearing instruments and cash flow generated by the Partnership's properties held for sale offset the payment of administrative expenses. The Partnership also received funds from investing activities relating primarily to the sale of the Republic Park Office Building in February 1994. This receipt of cash was partially offset by the payment of costs incurred in connection with the foreclosure of the North Kent Mall. The Partnership also used cash to fund its financing activities which consisted primarily of the payment of distributions to the General Partner and Limited Partners, the repayment of the mortgage note on the Pelican Pointe Apartments, and the payment of principal on the mortgage notes payable. The Partnership's cash or near cash position fluctuates during each quarter, initially decreasing with the payment of Partnership distributions for the previous quarter, and then gradually increasing each month in the quarter as mortgage payments and cash flow from property operations are received.

During the quarter ended March 31, 1994, six of the seven properties held for sale by the Partnership generated positive cash flow. The Glendale Fashion Center operated at a marginal cash flow deficit. The Partnership classifies the cash flow performance of its properties as either positive, a marginal deficit or a significant deficit, each after consideration of debt service payments unless otherwise indicated. The Del Lago, Pelican Pointe and Regency Club apartment complexes do not have underlying debt. A deficit is considered to be significant if it exceeds $250,000 annually or 20% of the property's rental and service income.

During the quarter ended March 31, 1993, the Colony, Del Lago, Pelican Pointe and Regency Club apartment complexes generated positive cash flow while the Palm View Apartments generated a significant deficit. The Palm View Apartments improved from a significant deficit to positive cash flow during 1994 due to the completion of exterior painting during 1993 and a resultant increase in average occupancy levels and rental rates. The General Partner is continuing its efforts to maintain high occupancy levels while increasing rents where possible, and to monitor and control operating expenses and capital improvement requirements at the properties. The General Partner will also examine the terms of any mortgage loans collateralized by its properties, and may refinance or, in certain instances, use Partnership reserves to repay such loans.

In January 1994, the Partnership used a portion of its cash reserves to repay the $2,838,473 first mortgage loan collateralized by the Pelican Pointe Apartments.

In addition, certain borrowers have failed to make payments when due to the

Partnership for more than ninety days and, accordingly, these loans have been placed on non-accrual status (income is recorded only as cash payments are received). The General Partner has negotiated with some of these borrowers regarding modifications of the loan terms and has instituted foreclosure proceedings under certain circumstances. Such foreclosure proceedings may be delayed by factors beyond the General Partner's control such as bankruptcy filings by borrowers and state law procedures regarding foreclosures.

Because of the current weak real estate markets in certain cities and regions of the country, attributable to local and regional market conditions such as overbuilding and recessions in local economies and specific industry segments, certain borrowers have requested that the Partnership allow prepayment of mortgage loans. The Partnership has allowed some of these borrowers to prepay such loans, in some cases without assessing prepayment premiums, under circumstances where the General Partner believed that refusing to allow such prepayment would ultimately prove detrimental to the Partnership in light of the probable inability of the properties to generate sufficient revenues to keep loan payments current. In other cases, borrowers have requested prepayment in order to take advantage of lower available interest rates. In these cases, the Partnership has collected substantial prepayment premiums.

The Partnership obtained title to the North Kent Mall pursuant to a deed in lieu of foreclosure in January 1994. In addition, the Partnership obtained title to the Glendale Fashion Center through foreclosure in March 1994. See Note 4 of Notes to Financial Statements and Item 1. Legal Proceedings for additional information.

In February, 1994, the Partnership sold the Republic Park Office Building located in Aurora, Colorado in an all cash sale for $3,250,000. The Partnership incurred selling expenses of $244,360. See Note 5 of Notes to Financial Statements for additional information.

Distributions to Limited Partners can be expected to fluctuate for various reasons. Generally, distributions are made from Cash Flow generated by interest and other payments made by borrowers under the Partnership's mortgage loans and from property operations. Loan prepayments and repayments can initially cause Cash Flow to increase as prepayment premiums and participations are paid; however, thereafter prepayments and repayments will have the effect of reducing Cash Flow. If such proceeds are distributed, Limited Partners will have received a return of capital and the dollar amount of Cash Flow available for distribution thereafter can be expected to decrease. Distribution levels can also vary as loans are placed on non-accrual status, modified or restructured and, if the Partnership has taken title to properties through foreclosure or otherwise, as a result of property operations.

In April 1994, the Partnership made a distribution of $2,599,116 ($6.05 per Interest) to the Limited Partners which represents a regular quarterly distribution of available Cash Flow of $1.50 per Interest for the first quarter of 1994, and $4.55 per Interest which represents the Mortgage Reductions received from the sale of the land related to the University Office Building and a portion of the Mortgage Reductions received from the repayment of the

Lantana Cascades Mobile Home Park loan and the sale of the Republic Park Office Building. The quarterly distribution level was increased from $1.00 per Interest for the fourth quarter of 1993. The Partnership expects to continue making regular quarterly cash distributions; however, the level of such future distributions will be dependent upon the cash flow generated by the receipt of mortgage payments and improved operations of the Partnership's properties held for sale, less mortgage servicing fees and administrative expenses. The General Partner, on behalf of the Partnership, has retained what it believes to be an appropriate amount of working capital to meet current cash or liquidity requirements which may occur.

Inflation has several types of potentially conflicting impacts on real estate investments. Short-term inflation can increase real estate operating costs which may or may not be recovered through increased rents and/or sales prices depending on general or local economic conditions. In the long-term, inflation can be expected to increase operating costs and replacement costs and may lead to increased rental revenues and real estate values.

BALCOR PENSION INVESTORS-IV
(An Illinois Limited Partnership)

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Glendale Fashion Center

As previously reported, the borrower of the loan collateralized by the Glendale Fashion Center, Glendale, California, commenced bankruptcy proceedings in the U.S. Bankruptcy Court, Central District of California, Case No.: LA 91-13321 SB, In re Glendale Fashion Center. The Bankruptcy Court lifted the stay imposed by the bankruptcy proceedings and in March 1994, the Partnership obtained title to the property subject to two first mortgage loans (the "Loans") held by an unaffiliated lender. Prior to the foreclosure, the Bankruptcy Court issued an order modifying the Loans to be payable in monthly interest-only installments at the rate of 9% per annum through maturity in 1999 and 1995, respectively. Subsequent to the foreclosure, the Partnership has continued to make payments on the Loans under the modified terms. The lender has advised the Partnership that it believes that the modification does not survive the bankruptcy and, in March 1994, placed the Loans in default and accelerated payment. The Partnership has filed a motion in Bankruptcy Court for a clarification of this issue; no hearing date has been set at this time.

Item 6. Exhibits and Reports on Form 8-K

(a) (3) Exhibits:

(4) Form of Confirmation regarding Interests in the Registrant set forth as Exhibit 4 to the Registrant's Report on Form 10-Q for the quarter ended June 30, 1992 (Commission File No. 0-11699) is incorporated herein by

reference.

(b) Reports on Form 8-K:

A Current Report on Form 8-K dated February 2, 1994 reporting the sale of land related to the University Office Building located in Denver, Colorado, the sale of the Republic Park Office Building located in Aurora, Colorado and the acquisition pursuant to a deed in lieu of foreclosure of the North Kent Mall located in Grand Rapid, Michigan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BALCOR PENSION INVESTORS-IV

By: /s/ Thomas E. Meador
Thomas E. Meador
President and Chief Executive Officer
(Principal Executive Officer) of Balcor
Mortgage Advisors-III, the General Partner

By: /s/ Allan Wood
Allan Wood
Executive Vice President, and Chief
Accounting and Financial Officer (Principal
Accounting and Financial Officer) of Balcor
Mortgage Advisors-III, the General Partner

Date: May 13, 1994