UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014

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 1-11316

OMEGA HEALTHCARE INVESTORS, INC.
(Exact name of Registrant as specified in its charter)

Maryland	38-3041398
(State of incorporation)	(IRS Employer Identification No.)

200 International Circle, Suite 3500, Hunt Valley, MD 21030
(Address of principal executive offices)

(410) 427-1700
(Telephone number, including area code)

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one:)

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of July 31, 2014.

Common Stock, $.10 par value	127,238,627
(Class)	(Number of shares)

OMEGA HEALTHCARE INVESTORS, INC.
FORM 10-Q
June 30, 2014

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PART I – FINANCIAL INFORMATION

Item 1 - Financial Statements

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	June 30, 2014	December 31, 2013
	(Unaudited)	
ASSETS		
Real estate properties		
Land and buildings	$ 3,124,909	$ 3,099,547
Less accumulated depreciation	(768,276)	(707,410)
Real estate properties – net	2,356,633	2,392,137
Investment in direct financing leases	534,209	529,445
Mortgage notes receivable – net	652,336	241,515
	3,543,178	3,163,097
Other investments – net	56,112	53,054
	3,599,290	3,216,151
Assets held for sale – net	820	1,356
Total investments	3,600,110	3,217,507
Cash and cash equivalents	28,689	2,616
Restricted cash	34,781	31,759
Accounts receivable – net	153,745	147,504
Other assets	72,034	62,830
Total assets	$ 3,889,359	$ 3,462,216
LIABILITIES AND STOCKHOLDERS' EQUITY		
Revolving line of credit	$ 270,000	$ 326,000
Term loan	200,000	200,000
Secured borrowings	295,490	298,531
Unsecured borrowings – net	1,594,123	1,199,887
Accrued expenses and other liabilities	145,951	137,695
Total liabilities	2,505,564	2,162,113
Stockholders' equity:		
Common stock $.10 par value authorized – 200,000 shares issued and outstanding – 126,713 shares as of June 30, 2014 and 123,530 as of December 31, 2013	12,671	12,353
Common stock – additional paid-in capital	2,104,430	1,998,169
Cumulative net earnings	1,029,295	926,649
Cumulative dividends paid	(1,762,601)	(1,637,068)
Total stockholders' equity	1,383,795	1,300,103
Total liabilities and stockholders' equity	$ 3,889,359	$ 3,462,216

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited
(in thousands, except per share amounts)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenue				
Rental income	$ 96,242	$ 93,069	$ 192,160	$ 186,178
Income from direct financing leases	14,146	-	28,230	-
Mortgage interest income	9,923	7,435	19,249	14,781
Other investment income – net	1,489	2,011	3,162	3,317
Total operating revenues	121,800	102,515	242,801	204,276
Expenses				
Depreciation and amortization	31,301	32,225	62,745	64,184
General and administrative	6,297	5,483	12,794	10,680
Acquisition costs	45	9	140	143
Impairment loss on real estate properties	1,558	-	1,558	-
Provisions for uncollectible mortgages, notes and accounts receivable	2,761	65	2,745	65
Total operating expenses	41,962	37,782	79,982	75,072
Income before other income and expense	**79,838**	**64,733**	**162,819**	**129,204**
Other income (expense)				
Interest income	17	14	25	17
Interest expense	(29,447)	(24,952)	(56,528)	(50,624)
Interest – amortization of deferred financing costs	(946)	(698)	(1,868)	(1,380)
Interest – refinancing (costs) gain	(2,645)	11,112	(4,685)	11,112
Total other expense	(33,021)	(14,524)	(63,056)	(40,875)
Income before gain (loss) on assets sold	**46,817**	**50,209**	**99,763**	**88,329**
(Loss) gain on assets sold – net	-	(1,151)	2,883	(1,151)
Net income available to common stockholders	**$ 46,817**	**$ 49,058**	**$ 102,646**	**$ 87,178**
Income per common share available to common shareholders:				
Basic:				
Net income	$ 0.37	$ 0.42	$ 0.82	$ 0.76
Diluted:				
Net income	$ 0.37	$ 0.42	$ 0.81	$ 0.76
Dividends declared and paid per common share	$ 0.50	$ 0.46	$ 0.99	$ 0.91
Weighted-average shares outstanding, basic	126,474	116,199	125,467	114,491
Weighted-average shares outstanding, diluted	127,436	117,022	126,130	115,273

See notes to consolidated financial statements .

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Unaudited
(in thousands, except per share amounts)

	Common Stock Par Value	Additional Paid-in Capital	Cumulative Net Earnings	Cumulative Dividends	Total
Balance at December 31, 2013 (123,530 common shares)	$ 12,353	$ 1,998,169	$ 926,649	$ (1,637,068)	$ 1,300,103
Grant of restricted stock to company directors (12 shares at $35.79 per share)	1	(1)	—	—	—
Amortization of restricted stock	—	4,466	—	—	4,466
Vesting of restricted stock to company executives, net of tax withholdings (53 shares)	5	(948)	—	—	(943)
Dividend reinvestment plan (1,399 shares at $32.76 per share)	140	45,664	—	—	45,804
Grant of stock as payment of directors fees (3 shares at an average of $33.58 per share)	—	100	—	—	100
Equity Shelf Program (1,716 shares at $34.06 per share, net of issuance costs)	172	56,980	—	—	57,152
Net income	—	—	102,646	—	102,646
Common dividends ($0.99 per share)	—	—	—	(125,533)	(125,533)
Balance at June 30, 2014 (126,713 common shares)	$ 12,671	$ 2,104,430	$ 1,029,295	$ (1,762,601)	$ 1,383,795

See notes to consolidated financial statements.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited (in thousands)

	Six months Ended June 30, 2014	Six months Ended June 30, 2013
Cash flows from operating activities		
Net income	$ 102,646	$ 87,178
Adjustment to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	62,745	64,184
Provision for impairment on real estate properties	1,558	—
Provision for uncollectible mortgages, notes and accounts receivable	2,745	65
Amortization of deferred financing and debt extinguishment costs/(gain)	6,553	(9,732)
Accretion of direct financing leases	(4,764)	—
Restricted stock amortization expense	4,548	2,924
(Gain)/loss on assets sold – net	(2,883)	1,151
Amortization of acquired in-place leases - net	(2,571)	(2,503)
Change in operating assets and liabilities – net of amounts assumed/acquired:		
Accounts receivable, net	912	147
Straight-line rent receivables	(10,701)	(13,702)
Lease inducements	1,362	1,685
Effective yield receivable on mortgage notes	(584)	(1,074)
Other operating assets and liabilities	5,189	(8,995)
Net cash provided by operating activities	166,755	121,328
Cash flows from investing activities		
Acquisition of real estate – net of liabilities assumed and escrows acquired	(22,000)	—
Placement of mortgage loans	(528,343)	(2,869)
Proceeds from sale of real estate investments	3,924	2,288
Capital improvements to real estate investments	(8,362)	(17,307)
Proceeds from other investments	2,345	2,942
Investments in other investments	(5,379)	(30,248)
Collection of mortgage principal	117,522	237
Net cash used in investing activities	(440,293)	(44,957)
Cash flows from financing activities		
Proceeds from credit facility borrowings	590,000	201,000
Payments on credit facility borrowings	(646,000)	(254,000)
Receipts of other long-term borrowings	594,320	59,355
Payments of other long-term borrowings	(202,490)	(112,208)
Payments of financing related costs	(12,740)	(1,032)
Receipts from dividend reinvestment plan	45,804	41,588
Payments for exercised options and restricted stock – net	(943)	—
Net proceeds from issuance of common stock	57,152	98,264
Dividends paid	(125,492)	(104,010)
Net cash provided by (used in) financing activities	299,611	(71,043)
Increase in cash and cash equivalents	26,073	5,328
Cash and cash equivalents at beginning of period	2,616	1,711
Cash and cash equivalents at end of period	$ 28,689	$ 7,039
Interest paid during the period, net of amounts capitalized	$ 50,378	$ 51,397

See notes to consolidated financial statements.

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Business Overview

Omega Healthcare Investors, Inc. ("Omega" or the "Company") has one reportable segment consisting of investments in healthcare-related real estate properties. Our core business is to provide financing and capital to the long-term healthcare industry with a particular focus on skilled nursing facilities ("SNFs") located in the United States. Our core portfolio consists of long-term leases and mortgage agreements. All of our leases are "triple-net" leases, which require the tenants to pay all property-related expenses. Our mortgage revenue derives from fixed-rate mortgage loans, which are secured by first mortgage liens on the underlying real estate and personal property of the mortgagor.

Basis of Presentation

The accompanying unaudited consolidated financial statements for Omega have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for the interim periods reported herein are not necessarily indicative of results to be expected for the full year. We have evaluated all subsequent events through the date of the filing of this Form 10-Q. These unaudited consolidated financial statements should be read in conjunction with the financial statements and the footnotes thereto included in our latest Annual Report on Form 10-K.

Our consolidated financial statements include the accounts of (i) Omega and (ii) all direct and indirect wholly owned subsidiaries of Omega. All inter-company accounts and transactions have been eliminated in consolidation of the financial statements.

Recent Accounting Pronouncements

Discontinued Operations

In April 2014, we adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update No 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* (ASU 2014-08). ASU 2014-08 changes the criteria for determining which disposals can be presented as discontinued operations and modified related disclosure requirements. Under the new guidance, a discontinued operation is defined as: (i) a disposal of a component or group of components that is disposed of or is classified as held for sale that represents a strategic shift that has or will have a major effect on an entity's operations and financial results or (ii) an acquired business or nonprofit activity that is classified as held for sale on the date of acquisition. The standard states that a strategic shift could include a disposal of (i) a major geographical area of operations, (ii) a major line of business, (iii) a major equity method investment, or (iv) other major parts of an entity.

The standard expands the disclosures for discontinued operations and requires new disclosures related to individually material disposals that do not meet the definition of a discontinued operation, an entity's continuing involvement with a discontinued operation following the disposal date and retained equity method investments in a discontinued operation. The guidance is effective for annual periods beginning on or after December 15, 2014 and interim periods within that year. Early adoption is permitted, and calendar year-end companies may early adopt the guidance in the first quarter of 2014, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issue. We have chosen to adopt the guidance effective January 1, 2014 and determined that the adoption had no impact on our consolidated financial statements.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. We will be required to apply the new standard in the first quarter of 2017 and are assessing whether the new standard will have a material effect on our financial position or results of operations.

Accounts Receivable

Accounts receivable includes: contractual receivables, effective yield interest receivables, straight-line rent receivables and lease inducements, net of an estimated provision for losses related to uncollectible and disputed accounts. Contractual receivables relate to the amounts currently owed to us under the terms of our lease and loan agreements. Effective yield interest receivables relate to the difference between the interest income recognized on an effective yield basis over the term of the loan agreement and the interest currently due to us according to the contractual agreement. Straight-line receivables relate to the difference between the rental revenue recognized on a straight-line basis and the amounts currently due to us according to the contractual agreement. Lease inducements result from value provided by us to the lessee at the inception or renewal of the lease and will be amortized as a reduction of rental revenue over the non cancellable lease term.

On a quarterly basis, we review our accounts receivable to determine their collectability. The determination of collectability of these assets requires significant judgment and is affected by several factors relating to the credit quality of our operators that we regularly monitor, including (i) payment history, (ii) the age of the contractual receivables, (iii) the current economic conditions and reimbursement environment, (iv) the ability of the tenant to perform under the terms of their lease and/or contractual loan agreements and (v) the value of the underlying collateral of the agreement. If we determine collectability of any of our contractual receivables is at risk, we estimate the potential uncollectible amounts and provide an allowance. In the case of a lease recognized on a straight-line basis or existence of lease inducements, we generally provide an allowance for straight-line accounts receivable and/or the lease inducements when certain conditions or indicators of adverse collectability are present.

A summary of our net receivables by type is as follows:

	June 30, 2014	December 31, 2013
	(in thousands)	
Contractual receivables	$ 1,984	$ 2,941
Effective yield interest receivables	3,938	5,333
Straight-line receivables	133,397	123,486
Lease inducements	14,866	16,228
Allowance	(440)	(484)
Accounts receivable – net	$ 153,745	$ 147,504

During the second quarter of 2014, we wrote-off (i) $0.8 million of straight-line rent receivables associated with a lease amendment to an existing operator for two facilities that were transitioned to a new operator and (ii) $2.0 million of effective yield interest receivables associated with the termination of our mortgage note that was due November 2021. See Note 2 – Properties and Investments for additional information related to the early termination of the November 2021 mortgage note.

We continuously evaluate the payment history and financial strength of our operators and have historically established allowance reserves for straight-line rent adjustments for operators that do not meet our requirements. We consider factors such as payment history and the operator's financial condition as well as current and future anticipated operating trends when evaluating whether to establish allowance reserves.

NOTE 2 – PROPERTIES AND INVESTMENTS

In the ordinary course of our business activities, we periodically evaluate investment opportunities and extend credit to customers. We also regularly engage in lease and/or loan extensions and modifications. Additionally, we actively monitor and manage our investment portfolio with the objectives of improving credit quality and increasing investment returns. In connection with our portfolio management, we may engage in various collection and foreclosure activities.

If we acquire real estate pursuant to a foreclosure or bankruptcy proceeding, the assets will initially be included on the consolidated balance sheet at the lower of cost or estimated fair value.

Leased Property

Our leased real estate properties, represented by 422 SNFs, 18 assisted living facilities ("ALFs") and 11 specialty facilities at June 30, 2014, are leased under provisions of single or master leases with initial terms typically ranging from 5 to 15 years, plus renewal options. Substantially all of our leases contain provisions for specified annual increases over the rents of the prior year and are generally computed in one of three methods depending on specific provisions of each lease as follows: (i) a specific annual percentage increase over the prior year's rent, generally 2.5%; (ii) an increase based on the change in pre-determined formulas from year to year (i.e., such as increases in the Consumer Price Index ("CPI")); or (iii) specific dollar increases over prior years. Under the terms of the leases, the lessee is responsible for all maintenance, repairs, taxes and insurance on the leased properties.

$17.3 Million of New Investments

On June 27, 2014, we purchased two SNFs from an unrelated third party for approximately $17.3 million and leased them to an existing operator of Omega. The SNFs, located in Georgia and South Carolina, totaling 213 beds, were combined into a 12 year master lease with an initial cash yield of 9.5%.

The master lease allows for the purchase of a third facility located in South Carolina. We expect to purchase the third facility during the third quarter of 2014 and add it to the master lease. The combined purchase price, including the third facility, will be $34.6 million.

$4.7 Million of New Investment

On January 30, 2014, we acquired an ALF in Arizona from an unrelated third party for approximately $4.7 million. The operations of the 90 bed facility were transitioned to an existing operator of Omega.

Pro Forma Acquisition Results

The facilities acquired in 2014 and 2013 are included in our results of operations from the date of acquisition. The following unaudited pro forma results of operations reflect the impact of the transactions as if they occurred on January 1, 2013. For a list of the 2013 transactions, refer to Note 3 – Properties in our 2013 Form 10-K. In the opinion of management, all significant necessary adjustments to reflect the effect of the acquisitions have been made. The following pro forma information is not indicative of future operations.

	Pro Forma			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(in thousands, except per share amounts, unaudited)			
Revenues	$ 122,272	$ 103,892	$ 243,832	$ 207,030
Net income available to common stockholders	$ 46,952	$ 49,566	$ 102,977	$ 88,194
Earnings per share – diluted:				
Net income available to common stockholders – as reported	$ 0.37	$ 0.42	$ 0.81	$ 0.76
Net income available to common stockholders – pro forma	$ 0.37	$ 0.42	$ 0.82	$ 0.77

Assets Sold or Assets Held for Sale

Assets Sold and Closures

For the three-month period ended June 30, 2014, we sold a parcel of undeveloped land in Texas to a third party for approximately $0.3 million. We also closed a 75 bed developmentally disability facility in Indiana and recorded a $1.6 million impairment charge to reduce the carrying value of the facility to its estimated fair value based upon estimated future cash flows.

In the first quarter of 2014, we sold one SNF in Louisiana for approximately $1.0 million, resulting in a $0.8 million gain. We also sold two closed held-for-sale SNFs for total cash proceeds of $2.6 million, generating approximately a $2.1 million gain.

Assets Held for Sale

At June 30, 2014, we had one SNF and one parcel of land classified as held-for-sale with an aggregate net book value of approximately $0.8 million.

Mortgage Notes Receivables

Our mortgage notes receivables relate to 14 fixed-rate mortgages on 54 SNFs and two ALFs. The mortgage notes are secured by first mortgage liens on the borrowers' underlying real estate and personal property. The mortgage notes receivable relate to facilities located in six states, which are operated by six independent healthcare operating companies. We monitor compliance with mortgages and when necessary have initiated collection, foreclosure and other proceedings with respect to certain outstanding loans. As of June 30, 2014, none of our mortgages were in default or in foreclosure proceedings. Where appropriate, the mortgaged properties are generally cross-collateralized with the master lease agreement with the same operator.

Mortgage interest income is recognized as earned over the terms of the related mortgage notes, using the effective yield method. Allowances are provided against earned revenues from mortgage interest when collection of amounts due becomes questionable or when negotiations for restructurings of troubled operators lead to lower expectations regarding ultimate collection. When collection is uncertain, mortgage interest income on impaired mortgage loans is recognized as received after taking into account application of security deposits.

$415 Million of New Investment in Q2 2014

On June 30, 2014, we entered into an agreement to refinance/consolidate $117 million in existing mortgages on 17 facilities into one mortgage and simultaneously provide mortgage financing for an additional 14 facilities. The new $415 million mortgage is secured by 31 facilities totaling 3,430 licensed beds all located in the state of Michigan. The new loan bears an initial annual cash interest rate of 9.0% and increases by 0.225% per year (e.g., beginning in year 2 the interest rate will be 9.225%, in year 3 the rate will be 9.45%, etc.).

One of the existing mortgages that was refinanced/consolidated into the new $415 million mortgage included annual interest rate escalators and required the mortgagee to pay a prepayment penalty in the event the mortgage was retired early which resulted in us recording an effective yield interest receivable. In connection with the refinancing/consolidating transaction which was entered into at market terms, the old mortgage was considered to be retired early since the modifications made to the terms of the mortgage are more than minor. As of the date of the refinancing/consolidation transaction, the effective yield interest receivable was approximately $2.0 million. We forgave the prepayment penalty associated with the retired mortgage and recorded a $2.0 million provision to write-off the effective yield interest receivable related to the retired mortgage.

$113 Million of New Investment in Q1 2014

On January 17, 2014, we entered into a $112.5 million first mortgage loan with an existing operator of Omega. The loan is secured by 7 SNFs and 2 ALFs totaling 784 operating beds located in Pennsylvania (7) and Ohio (2). The loan is cross-defaulted and cross-collateralized with our existing master lease with the operator. The loan bears an initial annual cash interest rate of 9.5% and matures in January 2024.

NOTE 3 – DIRECT FINANCING LEASES

The components of investment in direct financing leases consist of the following:

	June 30, 2014	December 31, 2013
	(in thousands)	
Minimum lease payments receivable	$ 4,267,567	$ 4,291,067
Estimated residual values	—	—
Less unearned income	(3,733,358)	(3,761,622)
Investment in direct financing leases	$ 534,209	$ 529,445
Properties subject to direct financing leases	56	56

On November 27, 2013, we closed on an aggregate $529 million purchase/leaseback transaction in connection with the acquisition of Ark Holding Company, Inc. (“Ark Holding”) by 4 West Holdings Inc. At closing, we acquired 55 SNFs and 1 ALF operated by Ark Holding now known as New Ark Investment Inc. (“New Ark”), and leased the facilities back to Ark Holding, now known as New Ark Investment Inc. (“New Ark”), pursuant to four 50-year master leases, with rental payments yielding 10.6% per annum over the term of the leases. The purchase/leaseback transaction is being accounted for as a direct financing lease.

The lease agreements allow the tenant the right to purchase the facilities for a bargain purchase price plus closing costs at the end of term. In addition, commencing in the 41st year of each lease, the tenant will have the right to prepay the remainder of its obligations thereunder for an amount equal to the sum of the unamortized portion of the original aggregate $529 million investment plus the net present value of the remaining payments under the lease, and closing costs. In the event the tenant exercises either of these options, we have the right to purchase the properties for fair market value at the time.

The 56 facilities represent 5,623 licensed beds located in 12 states, predominantly in the southeastern United States. The 56 facilities are separated by region and divided amongst four cross-defaulted master leases. The four regions include the Southeast (39 facilities), the Northwest (7 facilities), Texas (9 facilities) and Indiana (1 facility). As of June 30, 2014, the following minimum rents are due under our direct financing lease for the next five years (in thousands):

Year 1	Year 2	Year 3	Year 4	Year 5
$47,000	$47,000	$47,224	$48,074	$49,276

NOTE 4 – OTHER INVESTMENTS

A summary of our other investments is as follows:

	June 30, 2014	December 31, 2013
	(in thousands)	
Other investment note due 2015	$ 2,218	$ 2,318
Other investment notes due 2021 - 2023	13,803	13,427
Other investment note due 2014	-	62
$31.5 million other investment note due 2017	25,500	23,750
$2.5 million other investment note due 2014	1,640	546
$6.0 million other investment note due 2013	5,439	5,439
$1.3 million other investment note due 2017	1,300	1,300
$1.5 million other investment note due 2014	1,456	1,456
Notes receivable, gross [(1)]	51,356	48,298
Allowance for loss on notes receivable	(1,977)	(1,977)
Notes receivable, net	49,379	46,321
Other	2,400	2,400
Marketable securities	4,333	4,333
Total other investments	$ 56,112	$ 53,054

(1) The majority of these notes bear interest at approximately 10% annually.

$31.5 Million Other Investment Note due 2017

In February 2014, we amended our five year 10.0% term loan agreement with an existing operator allowing for an additional draw of $3.5 million at a 10.5% interest rate. The loan matures in January 2017.

NOTE 5 – CONCENTRATION OF RISK

As of June 30, 2014, our portfolio of real estate investments consisted of 564 healthcare facilities, located in 38 states and operated by 49 third-party operators. Our gross investment in these facilities, net of impairments and before reserve for uncollectible loans, totaled approximately $4.3 billion at June 30, 2014, with approximately 99% of our real estate investments related to long-term care facilities. Our portfolio is made up of 477 SNFs, 19 ALFs, 11 specialty facilities, fixed rate mortgages on 54 SNFs and two ALFs, and one SNF that is closed/held-for-sale. At June 30, 2014, we also held miscellaneous investments of approximately $56.1 million, consisting primarily of secured loans to third-party operators of our facilities.

At June 30, 2014, we had investments with one operator and/or manager that exceeded 10% of our total investments: New Ark (13%). The three states in which we had our highest concentration of investments were Florida (14%), Michigan (11%) and Ohio (9%) at June 30, 2014.

For the three-month period ended June 30, 2014, our revenues from operations totaled $121.8 million, of which approximately $14.2 million were from New Ark (12%) and $13.8 million were from Genesis HealthCare ("Genesis") (11%). No other operator generated more than 10% of our revenues from operations for the three-month period ended June 30, 2014.

For the six-month period ended June 30, 2014, our revenues from operations totaled $242.8 million, of which approximately $28.3 million were from New Ark (12%) and $27.6 million were from Genesis (11%). No other operator generated more than 10% of our revenues from operations for the six-month period ended June 30, 2014.

NOTE 6 – DIVIDENDS

On July 15, 2014, the Board of Directors declared a common stock dividend of $0.51 per share, increasing the quarterly common dividend by $0.01 per share over the prior quarter. The common dividends are to be paid August 15, 2014 to common stockholders of record on July 31, 2014.

On April 18, 2014, the Board of Directors declared a common stock dividend of $0.50 per share, increasing the quarterly common dividend by $0.01 per share over the prior quarter, which was paid May 15, 2014 to common stockholders of record on April 30, 2014.

On January 15, 2014, the Board of Directors declared a common stock dividend of $0.49 per share, increasing the quarterly common dividend by $0.01 per share over the prior quarter, which was paid February 17, 2014 to common stockholders of record on January 31, 2014.

NOTE 7 – TAXES

So long as we qualify as a real estate investment trust ("REIT") under the Internal Revenue Code (the "Code"), we generally will not be subject to federal income taxes on the REIT taxable income that we distribute to stockholders, subject to certain exceptions. On a quarterly and annual basis, we test our compliance within the REIT taxation rules to ensure that we were in compliance with the rules.

Subject to the limitation under the REIT asset test rules, we are permitted to own up to 100% of the stock of one or more taxable REIT subsidiaries ("TRSs"). Currently, we have one TRS that is taxable as a corporation and pays federal, state and local income tax on its net income at the applicable corporate rates. As of June 30, 2014, the TRS had a net operating loss carry-forward of $1.0 million. The loss carry-forward is fully reserved with a valuation allowance as of June 30, 2014.

NOTE 8 – STOCK-BASED COMPENSATION

The following is a summary of our stock-based compensation expense for the three- and six-month periods ended June 30, 2014 and 2013, respectively:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(in thousands)			
Stock-based compensation expense	$ 2,285	$ 1,472	$ 4,548	$ 2,924

Restricted Stock and Restricted Stock Units

Restricted stock and restricted stock units ("RSUs") are subject to forfeiture if the holder's service to us terminates prior to vesting, subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company. Prior to vesting, ownership of the shares/units cannot be transferred. The restricted stock has the same dividend and voting rights as our common stock. RSUs accrue dividend equivalents but have no voting rights. Restricted stock and RSUs are valued at the price of our common stock on the date of grant. We expense the cost of these awards ratably over their vesting period.

On December 31, 2013, we granted 213,741 RSUs to six employees. The RSUs vest ratably over the three year period ending December 31, 2016, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

On January 1, 2014, we granted 122,137 RSUs to six employees. The RSUs vest on December 31, 2016, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

Performance Restricted Stock Units

Performance restricted stock units ("PRSUs") are subject to forfeiture if the performance requirements are not achieved or if the holder's service to us terminates prior to vesting, subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company. The PRSUs awarded in January 2011, January 2013, December 2013 and January 2014 have varying degrees of performance requirements to achieve vesting, and each PRSU award represents the right to a variable number of shares of common stock based on performance and related dividend equivalents based on dividends paid to stockholders during the applicable performance period. The vesting requirements are based on either the (i) total shareholders return ("TSR") of Omega or (ii) Omega's TSR relative to other real estate investment trusts in the MSCI U.S. REIT Index. We expense the cost of these awards ratably over their service period.

Prior to vesting and distribution of shares, ownership of the PRSUs cannot be transferred. The dividends on the PRSUs accumulate and if vested are paid when the shares are distributed to the employee.

PRSUs (for Performance Periods 2011 through 2013)

In January 2011, we awarded PRSUs to six employees, including: (i) 279,552 multi-year absolute TSR PRSUs and (ii) 93,183 multi-year relative TSR PRSUs. On January 1, 2013, we awarded to the six employees 124,244 annual TSR PRSUs for the year ended December 31, 2013 ("2013 Annual TSR PRSUs").

2013 Annual TSR PRSUs

The TSR goal for the 2013 Annual TSR PRSUs was achieved at the high level and 124,244 shares vested and were distributed to the employees in January 2014.

Multi-year TSR PRSUs (for the 2011- 2013 Performance Period)

The number of shares earned under the multi-year TSR PRSUs depended generally on the level of achievement of TSR for the three years ending December 31, 2013. In January 2014, the board of directors reviewed the performance and determined the performance targets were met at the high level. The multi-year TSR PRSUs vest 25% on the last day of each calendar quarter in 2014, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

Multi-year Relative TSR PRSUs (for the 2011- 2013 Performance Period)

The number of shares earned under the multi-year relative TSR PRSUs depended generally on the level of achievement of TSR relative to other real estate investment trusts in the MSCI U.S. REIT Index for the three-years ending December 31, 2013. In January 2014, the board of directors reviewed the performance and determined the performance targets were met at the high level. The multi-year relative TSR PRSUs vest 25% on the last day of each calendar quarter in 2014, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

PRSUs (for 2013- 2016 Performance Periods)

In December 2013, we awarded six types of PRSUs to six employees: (i) 77,371 PRSUs that vest based on TSR for the one year period starting December 31, 2013 and ending December 31, 2014 ("2014 Transition TSR PRSUs"), (ii) 77,369 PRSUs that vest based on the TSR for the two year period starting December 31, 2013 and ending December 31, 2015 ("2015 Transition TSR PRSUs"), (iii) 115,785 PRSUs that vest based on TSR for the three year period starting December 31, 2013 and ending December 31, 2016 ("2016 Transition TSR PRSUs"), (iv) 77,371 PRSUs that vest based on relative TSR for the one year period starting December 31, 2013 and ending December 31, 2014 ("2014 Transition Relative TSR PRSUs"), (v) 77,368 Transition PRSUs that vest based on relative TSR for the two year period starting December 31, 2013 and ending December 31, 2015 ("2015 Transition Relative TSR PRSUs"), and (vi) 115,781 PRSUs that vest based on relative TSR for the three year period starting December 31, 2013 and ending December 31, 2016 ("2016 Transition Relative TSR PRSUs").

2014 Transition TSR PRSUs

The number of shares earned under the 2014 Transition TSR PRSUs depends generally on the level of achievement of Omega's TSR for the period beginning December 31, 2013 and ending December 31, 2014. The 2014 Transition TSR PRSUs vest on December 31, 2014, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

2015 Transition TSR PRSUs

The number of shares earned under the 2015 Transition TSR PRSUs depends generally on the level of achievement of Omega's TSR for the period beginning December 31, 2013 and ending December 31, 2015. The 2015 Transition TSR PRSUs vest on December 31, 2015, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

2016 Transition TSR PRSUs

The number of shares earned under the 2016 Transition TSR PRSUs depends generally on the level of achievement of Omega's TSR for the period beginning December 31, 2013 and ending December 31, 2016. The 2016 Transition TSR PRSUs vest on December 31, 2016, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

2014 Transition Relative TSR PRSUs

The number of shares earned under the 2014 Transition Relative TSR PRSUs depends generally on the level of achievement of TSR relative to the MSCI U.S. REIT Index for the period beginning December 31, 2013 and ending December 31, 2014. The 2014 Transition Relative TSR PRSUs vest on December 31, 2014, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

2015 Transition Relative TSR PRSUs

The number of shares earned under the 2015 Transition Relative TSR PRSUs depends generally on the level of achievement of TSR relative to MSCI U.S. REIT Index for the period beginning December 31, 2013 and ending December 31, 2015. The 2015 Transition Relative TSR PRSUs vest on December 31, 2015, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

2016 Transition Relative TSR PRSUs

The number of shares earned under the 2016 Transition Relative TSR PRSUs depends generally on the level of achievement of TSR relative to MSCI U.S. REIT Index for the period beginning December 31, 2013 and ending December 31, 2016. The 2016 Transition Relative TSR PRSUs vest on December 31, 2016, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

PRSUs (for 2014- 2016 Performance Periods)

In January 2014, we awarded two types of PRSUs to six employees: (i) 154,584 PRSUs that vest based on TSR for the three year period starting January 1, 2014 and ending December 31, 2016 ("2016 TSR PRSUs"), and (ii) 154,584 PRSUs that vest based on relative TSR for the three year period starting January 1, 2014 and ending December 31, 2016 ("2016 Relative TSR PRSUs").

2016 TSR PRSUs

The number of shares earned under the 2016 TSR PRSUs depends generally on the level of achievement of Omega's TSR for the period beginning January 1, 2014 and ending December 31, 2016. The 2016 TSR PRSUs vest quarterly in 2017 in equal increments, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

2016 Relative TSR PRSUs

The number of shares earned under the 2016 Relative TSR PRSUs depends generally on the level of achievement of Omega's TSR relative to MSCI U.S. REIT Index for the period beginning January 1, 2014 and ending December 31, 2016. The 2016 Relative TSR PRSUs vest quarterly in 2017 in equal increments, subject to continued employment on the vesting date and subject to certain exceptions for certain qualifying terminations of employment or a change in control of the Company.

The following table summarizes our total unrecognized compensation cost as of June 30, 2014 associated with outstanding restricted stock, restricted stock units and PRSU awards to employees:

	Grant Year	Shares/ Units	Grant Date Average Fair Value Per Unit/ Share	Total Compensation Cost (in millions)	Weighted Average Period of Expense Recognition (in months)	Unrecognized Compensation Cost (in millions)
Multi-year TSR PRSUs	2011	279,550	$ 11.06	$ 3.1	44	$ -
Multi-year Relative TSR PRSUs	2011	93,183	12.26	1.1	44	-
Restricted stock units	2013	213,741	29.80	6.4	36	5.3
2014 Transition TSR PRSUs	2013	77,371	8.27	0.6	12	0.3
2015 Transition TSR PRSUs	2013	77,369	7.48	0.6	24	0.4
2016 Transition TSR PRSUs	2013	115,785	8.67	1.0	36	0.8
2014 Transition Relative TSR PRSUs	2013	77,371	11.68	0.9	12	0.5
2015 Transition Relative TSR PRSUs	2013	77,368	13.06	1.0	24	0.8
2016 Transition Relative TSR PRSUs	2013	115,781	14.25	1.7	36	1.4
Restricted stock units	2014	122,137	29.80	3.6	36	3.0
2016 TSR PRSUs	2014	154,584	8.67	1.4	48	1.2
2016 Relative TSR PRSUs	2014	154,584	14.25	2.2	48	1.9
Total		1,558,824	$ 15.12	$ 23.6		$ 15.6

We used a Monte Carlo model to estimate the fair value for PRSUs granted to the employees.

Director Restricted Stock Grants

As of June 30, 2014, we had 45,303 shares of restricted stock outstanding to directors. The directors' restricted shares are scheduled to vest over the next three years. As of June 30, 2014, the unrecognized compensation cost associated with outstanding director restricted stock grants is approximately $0.8 million.

NOTE 9 – FINANCING ACTIVITIES AND BORROWING ARRANGEMENTS

Secured and Unsecured Borrowings

The following is a summary of our long-term borrowings:

	Maturity	Current Rate	June 30, 2014	December 31, 2013
			(in thousands)	
Secured borrowings:				
HUD mortgages assumed June 2010 [(1)]	2040 - 2045	4.85%	$ 127,490	$ 128,641
HUD mortgages assumed October 2011 [(1)]	2036 - 2040	4.87%	30,712	31,145
HUD mortgages assumed December 2011 [(1)]	2044	3.06%	58,008	58,592
HUD mortgages assumed December 2012 [(1)]	2031 - 2045	5.50%	79,280	80,153
Total secured borrowings			295,490	298,531
Unsecured borrowings:				
Revolving line of credit	2018	1.65%	$ 270,000	$ 326,000
Term loan	2019	1.65%	200,000	200,000
			470,000	526,000
2020 notes	2020	7.50%	200,000	200,000
2022 notes	2022	6.75%	575,000	575,000
2024 notes	2024	5.875%	400,000	400,000
2024 notes	2024	4.95%	400,000	—
Subordinated debt	2021	9.00%	20,818	20,892
			1,595,818	1,195,892
(Discount) premium - net			(1,695)	3,995
Total unsecured borrowings			2,064,123	1,725,887
Totals – net			$ 2,359,613	$ 2,024,418

(1) Reflects the weighted average annual contractual interest rate on the mortgages.

Certain of our other secured and unsecured borrowings are subject to customary affirmative and negative covenants, including financial covenants. As of December 31, 2013 and June 30, 2014, we were in compliance with all affirmative and negative covenants, including financial covenants, for our secured and unsecured borrowings.

Bank Credit Agreements

On June 27, 2014, we entered into a new $1.2 billion unsecured credit facility, comprised of a $1 billion senior unsecured revolving credit facility (the “Revolving Credit Facility”) and a $200 million senior unsecured term loan facility (the “Term Loan Facility” and, collectively, the “2014 Credit Facilities”).

The 2014 Credit Facilities replace our previous $700 million senior unsecured credit facility (the “2012 Credit Facilities”). The 2014 Credit Facilities include an “accordion feature” that permits us to expand our borrowing capacity by $550 million, for maximum aggregate commitments of up to $1.75 billion.

The Revolving Credit Facility is priced at LIBOR plus an applicable percentage (beginning at 130 basis points, with a range of 92.5 to 170 basis points) based on our ratings from Standard & Poor’s, Moody’s and/or Fitch Ratings, plus a facility fee based on the same ratings (initially 25 basis points, with a range of 12.5 to 30 basis points). The Revolving Credit Facility will be used for acquisitions and general corporate purposes. At June 30, 2014, we had $270 million in borrowings outstanding under the Revolving Credit Facility. The Revolving Credit Facility matures on June 27, 2018, subject to a one-time option by us to extend such maturity date by one year.

The Term Loan Facility is also priced at LIBOR plus an applicable percentage (beginning at 150 basis points, with a range of 100 to 195 basis points) based on our ratings from Standard & Poor's, Moody's and/or Fitch Ratings. At June 30, 2014, we had $200 million in borrowings outstanding under the Term Loan Facility. The Term Loan Facility matures on June 27, 2019.

For the three month period ended June 30, 2014, we recorded a non-cash charge of approximately $2.6 million relating to the write-off of unamortized deferred financing costs associated with the termination of the 2012 Credit Facilities.

Repayment of $200 Million Term Loan

On December 27, 2013, we entered into a new $200 million senior unsecured, deferred draw, term loan facility (the "2013 Term Loan Facility") that was scheduled to mature on February 29, 2016.

The 2013 Term Loan Facility was priced at LIBOR plus an applicable percentage (beginning at 175 basis points, with a range of 110 to 230 basis points) based on the Company's ratings from Standard & Poor's, Moody's and/or Fitch Ratings.

In January 2014, we drew all $200 million under the 2013 Term Loan Facility and used the proceeds to (i) fund a new mortgage investment and (ii) repay outstanding borrowings under the 2012 Revolving Credit Facility. In March 2014, we paid off and terminated the 2013 Term Loan Facility with proceeds from the sale of our 4.95% Senior Notes due 2024 (see below). In addition, we recorded a non-cash charge of approximately $2.0 million relating to the write-off of deferred financing costs associated with the termination of the 2013 Term Loan Facility.

Issuance of $400 Million of Senior Notes

On March 6, 2014, we sold $400 million aggregate principal amount of our 4.95% Senior Notes due 2024. These notes were sold at an issue price of 98.58% of the principal amount of the notes, before the initial purchasers' discount resulting in gross proceeds of approximately $394.3 million. We used the net proceeds of the offering to repay in full our $200 million 2013 Term Loan Facility, and a portion of our indebtedness outstanding under our 2012 Revolving Credit Facility.

$250 Million Equity Shelf Program

On March 18, 2013, we entered into separate Equity Distribution Agreements (collectively, the "2013 Equity Shelf Agreements") to sell shares of our common stock having an aggregate gross sales price of up to $250 million (the "2013 Equity Shelf Program") with several financial institutions, each as a sales agent and/or principal (collectively, the "Managers").

For the three-month period ended June 30, 2014, we issued approximately 0.9 million shares under the 2013 Equity Shelf Program, at an average price of $35.18 per share, generating gross proceeds of approximately $30.0 million, before $0.6 million of commissions. For the six-month period ended June 30, 2014, we issued approximately 1.7 million shares under the 2013 Equity Shelf Program, at an average price of $34.06 per share, generating gross proceeds of approximately $58.5 million, before $1.2 million of commissions.

Dividend Reinvestment and Common Stock Purchase Plan

For the three-month period ended June 30, 2014, approximately 0.4 million shares of our common stock at an average price of $35.17 per share were issued through our Dividend Reinvestment and Common Stock Purchase Program for gross proceeds of approximately $14.3 million. For the six-month period ended June 30, 2014, approximately 1.4 million shares of our common stock at an average price of $32.76 per share were issued through our Dividend Reinvestment and Common Stock Purchase Program for gross proceeds of approximately $45.8 million.

NOTE 10 – FINANCIAL INSTRUMENTS

At June 30, 2014 and December 31, 2013, the carrying amounts and fair values of our financial instruments were as follows:

	June 30, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:	(in thousands)			
Cash and cash equivalents	$ 28,689	$ 28,689	$ 2,616	$ 2,616
Restricted cash	34,781	34,781	31,759	31,759
Investment in direct financing leases	534,209	534,209	529,445	529,445
Mortgage notes receivable – net	652,336	685,768	241,515	240,482
Other investments – net	56,112	58,359	53,054	50,124
Totals	$ 1,306,127	$ 1,341,806	$ 858,389	$ 854,426
Liabilities:				
Revolving line of credit	$ 270,000	$ 270,000	$ 326,000	$ 326,000
Term loan	200,000	200,000	200,000	200,000
7.50% notes due 2020 – net	198,063	269,194	197,890	256,852
6.75% notes due 2022 – net	580,757	771,716	581,105	735,687
5.875% notes due 2024 – net	400,000	449,489	400,000	411,266
4.95% notes due 2024 – net	394,485	406,941	—	—
HUD debt	295,490	315,812	298,531	287,718
Subordinated debt	20,818	29,790	20,892	28,849
Totals	$ 2,359,613	$ 2,712,942	$ 2,024,418	$ 2,246,372

Fair value estimates are subjective in nature and are dependent on a number of important assumptions, including estimates of future cash flows, risks, discount rates and relevant comparable market information associated with each financial instrument (see Note 2 – Summary of Significant Accounting Policies in our Annual Report on Form 10-K for the year ended December 31, 2013). The use of different market assumptions and estimation methodologies may have a material effect on the reported estimated fair value amounts.

The following methods and assumptions were used in estimating fair value disclosures for financial instruments.

- Cash and cash equivalents and restricted cash: The carrying amount of cash and cash equivalents and restricted cash reported in the balance sheet approximates fair value because of the short maturity of these instruments (i.e., less than 90 days) (Level 1).

- Mortgage notes receivable: The fair value of the mortgage notes receivables are estimated using a discounted cash flow analysis, using interest rates being offered for similar loans to borrowers with similar credit ratings (Level 3).

- Direct financing leases: The fair value of the direct financing receivables are estimated using a discounted cash flow analysis, using interest rates being offered for similar loans to borrowers with similar credit ratings (Level 3).

- Other investments: Other investments are primarily comprised of: (i) notes receivable and (ii) an investment in a redeemable non-convertible preferred security of an unconsolidated business accounted for using the cost method of accounting. The fair values of notes receivable are estimated using a discounted cash flow analysis, using interest rates being offered for similar loans to borrowers with similar credit ratings (Level 3). The fair value of the investment in the unconsolidated business is estimated using quoted market value and considers the terms of the underlying arrangement (Level 3).

- Revolving line of credit and term loan: The fair value of our borrowings under variable rate agreements are estimated using an expected present value technique based on expected cash flows discounted using the current market rates (Level 3).

- Senior notes and other long-term borrowings: The fair value of our borrowings under fixed rate agreements are estimated based on open market trading activity provided by a third party (Level 2).

NOTE 11 – LITIGATION

We are subject to various legal proceedings, claims and other actions arising out of the normal course of business. While any legal proceeding or claim has an element of uncertainty, management believes that the outcome of each lawsuit, claim or legal proceeding that is pending or threatened, or all of them combined, will not have a material adverse effect on our consolidated financial position or results of operations.

NOTE 12 – EARNINGS PER SHARE

The computation of basic earnings per share ("EPS") is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding during the relevant period. Diluted EPS is computed using the treasury stock method, which is net income available to common stockholders divided by the total weighted-average number of common outstanding shares plus the effect of dilutive common equivalent shares during the respective period. Dilutive common shares reflect the assumed issuance of additional common shares pursuant to certain of our share-based compensation plans, including stock options, restricted stock and performance restricted stock units.

The following tables set forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(in thousands, except per share amounts)			
Numerator:				
Net income	$ 46,817	$ 49,058	$ 102,646	$ 87,178
Numerator for net income available to common per share - basic and diluted	$ 46,817	$ 49,058	$ 102,646	$ 87,178
Denominator:				
Denominator for basic earnings per share	126,474	116,199	125,467	114,491
Effect of dilutive securities:				
Common stock equivalents	962	823	663	782
Denominator for diluted earnings per share	127,436	117,022	126,130	115,273
Earnings per share – basic:				
Net income – basic	$ 0.37	$ 0.42	$ 0.82	$ 0.76
Earnings per share – diluted:				
Net income – diluted	$ 0.37	$ 0.42	$ 0.81	$ 0.76

NOTE 13 – CONSOLIDATING FINANCIAL STATEMENTS

As of June 30, 2014, we had outstanding (i) $200 million 7.5% Senior Notes due 2020, (ii) $575 million 6.75% Senior Notes due 2022, (iii) $400 million 5.875% Senior Notes due 2024 and (iv) $400 million 4.95% Senior Notes due 2024, which we collectively refer to as the Senior Notes. The Senior Notes are fully and unconditionally guaranteed, jointly and severally, by each of our subsidiaries that guarantee other indebtedness of Omega or any of the subsidiary guarantors. All of our subsidiaries that guarantee the Senior Notes also guarantee the 2014 Credit Facilities. Any subsidiary that we properly designate as an “unrestricted subsidiary” under the indentures governing the Senior Notes will not provide guarantees of the Senior Notes or the 2014 Credit Facilities.

As of and prior to March 31, 2010, the non-guarantor subsidiaries were minor and insignificant. On June 29, 2010, we designated as “unrestricted subsidiaries” the 39 subsidiaries we acquired from CapitalSource subject to HUD indebtedness, of which 12 subsidiaries were re-designated as “restricted subsidiaries” and subsidiary guarantors in July 2013 due to the retirement of the HUD related debt on 11 facilities. During the fourth quarter of 2011, we designated as “unrestricted subsidiaries” 20 subsidiaries we acquired subject to HUD indebtedness, of which six subsidiaries were re-designated as “restricted subsidiaries” and subsidiary guarantors in July 2012 due to the retirement of the HUD related mortgages on five facilities. During the fourth quarter of 2012, we designated as “unrestricted subsidiaries” eight subsidiaries we acquired subject to HUD indebtedness. The following summarized condensed consolidating financial information reflects these changes.

For the three months ended June 30, 2014 and 2013, the operating cash flow of the non-guarantor subsidiaries approximated net income of the non-guarantor subsidiaries, adjusted for depreciation and amortization expense and rent recorded on straight-line basis. On March 26, 2013, the non-guarantor subsidiaries refinanced existing HUD mortgage debt on 12 properties in Arkansas for approximately $59.4 million. The refinanced amount included $58.7 million related to retiring the old HUD debt and $0.7 million of closing costs that were added to the new (refinanced) HUD debt.

For the three months ended June 30, 2014 and 2013, the non-guarantor subsidiaries did not engage in investing or financing activities other than the principal payment of $2.5 million and $2.2 million, respectively for the HUD mortgages on the facilities owned by the non-guarantor subsidiaries. All of the subsidiary guarantors of our outstanding Senior Notes and 2014 Credit Facilities, and all of our non-guarantor subsidiaries, are 100% owned by Omega.

The following summarized condensed consolidating financial information segregates the financial information of the non-guarantor subsidiaries from the financial information of Omega Healthcare Investors, Inc. and the subsidiary guarantors under the Senior Notes. The results and financial position of acquired entities are included from the dates of their respective acquisitions.

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATING BALANCE SHEETS
Unaudited
(in thousands, except per share amounts)

	June 30, 2014			
	Issuer & Subsidiary Guarantors	Non-Guarantor Subsidiaries	Elimination Company	Consolidated
ASSETS				
Real estate properties				
Land and buildings	$ 2,666,999	$ 457,910	$ -	$ 3,124,909
Less accumulated depreciation	(704,409)	(63,867)	-	(768,276)
Real estate properties – net	1,962,590	394,043	-	2,356,633
Investment in direct financing leases	534,209	-	-	534,209
Mortgage notes receivable – net	652,336	-	-	652,336
	3,149,135	394,043	-	3,543,178
Other investments – net	56,112	-	-	56,112
	3,205,247	394,043	-	3,599,290
Assets held for sale – net	820	-	-	820
Total investments	3,206,067	394,043	-	3,600,110
Cash and cash equivalents	28,689	-	-	28,689
Restricted cash	7,003	27,778	-	34,781
Accounts receivable – net	145,315	8,430	-	153,745
Investment in affiliates	107,426	-	(107,426)	-
Other assets	43,884	28,150	-	72,034
Total assets	$ 3,538,384	$ 458,401	$ (107,426)	$ 3,889,359
LIABILITIES AND STOCKHOLDERS' EQUITY				
Revolving line of credit	$ 270,000	$ -	$ -	$ 270,000
Term loan	200,000	-	-	200,000
Secured borrowings	-	295,490	-	295,490
Unsecured borrowings – net	1,573,305	20,818	-	1,594,123
Accrued expenses and other liabilities	111,284	34,667	-	145,951
Intercompany payable	-	74,665	(74,665)	-
Total liabilities	2,154,589	425,640	(74,665)	2,505,564
Stockholders' equity:				
Common stock	12,671	-	-	12,671
Common stock – additional paid-in capital	2,104,430	-	-	2,104,430
Cumulative net earnings	1,029,295	32,761	(32,761)	1,029,295
Cumulative dividends paid	(1,762,601)	-	-	(1,762,601)
Total stockholders' equity	1,383,795	32,761	(32,761)	1,383,795
Total liabilities and stockholders' equity	$ 3,538,384	$ 458,401	(107,426)	$ 3,889,359

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATING BALANCE SHEETS
(in thousands, except per share amounts)

	December 31, 2013			
	Issuer & Subsidiary Guarantors	Non – Guarantor Subsidiaries	Elimination Company	Consolidated
ASSETS				
Real estate properties				
Land and buildings	$ 2,642,047	$ 457,500	$ —	$ 3,099,547
Less accumulated depreciation	(653,858)	(53,552)	—	(707,410)
Real estate properties – net	1,988,189	403,948	—	2,392,137
Investment in direct financing leases	529,445	—	—	529,445
Mortgage notes receivable – net	241,515	—	—	241,515
	2,759,149	403,948	—	3,163,097
Other investments – net	53,054	—	—	53,054
	2,812,203	403,948	—	3,216,151
Assets held for sale – net	1,356	—	—	1,356
Total investments	2,813,559	403,948	—	3,217,507
Cash and cash equivalents	2,616	—	—	2,616
Restricted cash	6,827	24,932	—	31,759
Accounts receivable – net	140,331	7,173	—	147,504
Investment in affiliates	108,707	—	(108,707)	—
Other assets	36,723	26,107	—	62,830
Total assets	$ 3,108,763	$ 462,160	$ (108,707)	$ 3,462,216
LIABILITIES AND STOCKHOLDERS' EQUITY				
Revolving line of credit	$ 326,000	$ —	$ —	$ 326,000
Term loan	200,000	—	—	200,000
Secured borrowings	—	298,531	—	298,531
Unsecured borrowings – net	1,178,995	20,892	—	1,199,887
Accrued expenses and other liabilities	103,665	34,030	—	137,695
Intercompany payable	—	83,065	(83,065)	—
Total liabilities	1,808,660	436,518	(83,065)	2,162,113
Stockholders' equity:				
Common stock	12,353	—	—	12,353
Common stock – additional paid-in-capital	1,998,169	—	—	1,998,169
Cumulative net earnings	926,649	25,642	(25,642)	926,649
Cumulative dividends paid	(1,637,068)	—	—	(1,637,068)
Total stockholders' equity	1,300,103	25,642	(25,642)	1,300,103
Total liabilities and stockholders' equity	$ 3,108,763	$ 462,160	$ (108,707)	$ 3,462,216

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
Unaudited
(in thousands, except per share amounts)

	Three Months Ended June 30, 2014				Six Months Ended June 30, 2014			
	Issuer & Subsidiary Guarantors	Non – Guarantor Subsidiaries	Elimination	Consolidated	Issuer & Subsidiary Guarantors	Non – Guarantor Subsidiaries	Elimination	Consolidated
Revenue								
Rental income	$ 83,690	$ 12,552	$ -	$ 96,242	$ 167,056	$ 25,104	$ -	$ 192,160
Income from direct financing leases	14,146	-	-	14,146	28,230	-	-	28,230
Mortgage interest income	9,923	-	-	9,923	19,249	-	-	19,249
Other investment income – net	1,489	-	-	1,489	3,162	-	-	3,162
Total operating revenues	109,248	12,552	-	121,800	217,697	25,104	-	242,801
Expenses								
Depreciation and amortization	26,148	5,153	-	31,301	52,430	10,315	-	62,745
General and administrative	6,198	99	-	6,297	12,604	190	-	12,794
Acquisition costs	45	-	-	45	140	-	-	140
Provision for impairment on real estate properties	1,558	-	-	1,558	1,558	-	-	1,558
Provision for uncollectible mortgages, notes and accounts receivable	2,761	-	-	2,761	2,745	-	-	2,745
Total operating expenses	36,710	5,252	-	41,962	69,477	10,505	-	79,982
Income before other income and expense	**72,538**	**7,300**	**-**	**79,838**	**148,220**	**14,599**	**-**	**162,819**
Other income (expense):								
Interest income	9	8	-	17	10	15	-	25
Interest expense	(25,716)	(3,731)	-	(29,447)	(49,044)	(7,484)	-	(56,528)
Interest – amortization of deferred financing costs	(940)	(6)	-	(946)	(1,857)	(11)	-	(1,868)
Interest – refinancing costs	(2,645)	-	-	(2,645)	(4,685)	-	-	(4,685)
Equity in earnings	3,571	-	(3,571)	-	7,119	-	(7,119)	-
Total other expense	(25,721)	(3,729)	(3,571)	(33,021)	(48,457)	(7,480)	(7,119)	(63,056)
Income before gain on assets sold	**46,817**	**3,571**	**(3,571)**	**46,817**	**99,763**	**7,119**	**(7,119)**	**99,763**
Gain on assets sold – net	-	-	-	-	2,883	-	-	2,883
Net income available to common stockholders	**$ 46,817**	**$ 3,571**	**$ (3,571)**	**$ 46,817**	**$ 102,646**	**$ 7,119**	**$ (7,119)**	**$ 102,646**

OMEGA HEALTHCARE INVESTORS, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
Unaudited
(in thousands, except per share amounts)

	Three Months Ended June 30, 2013				Six Months Ended June 30, 2013			
	Issuer & Subsidiary Guarantors	Non – Guarantor Subsidiaries	Elimination	Consolidated	Issuer & Subsidiary Guarantors	Non – Guarantor Subsidiaries	Elimination	Consolidated
Revenue								
Rental income	$ 80,462	$ 12,607	$ -	$ 93,069	$ 160,964	$ 25,214	$ -	$ 186,178
Mortgage interest income	7,435	-	-	7,435	14,781	-	-	14,781
Other investment income – net	2,011	-	-	2,011	3,317	-	-	3,317
Total operating revenues	89,908	12,607	-	102,515	179,062	25,214	-	204,276
Expenses								
Depreciation and amortization	27,055	5,170	-	32,225	53,851	10,333	-	64,184
General and administrative	5,380	103	-	5,483	10,487	193	-	10,680
Acquisition costs	9	-	-	9	143	-	-	143
Provision for uncollectible mortgages, notes and accounts receivable	65	-	-	65	65	-	-	65
Total operating expenses	32,509	5,273	-	37,782	64,546	10,526	-	75,072
Income before other income and expense	**57,399**	**7,334**	**-**	**64,733**	**114,516**	**14,688**	**-**	**129,204**
Other income (expense):								
Interest income	7	7	-	14	3	14	-	17
Interest expense	(21,214)	(3,738)	-	(24,952)	(42,704)	(7,920)	-	(50,624)
Interest – amortization of deferred financing costs	(693)	(5)	-	(698)	(1,375)	(5)	-	(1,380)
Interest – refinancing gain	11,112	-	-	11,112	11,112	-	-	11,112
Equity in earnings	3,598	-	(3,598)	-	6,777	-	(6,777)	-
Total other expense	(7,190)	(3,736)	(3,598)	(14,524)	(26,187)	(7,911)	(6,777)	(40,875)
Income before gain (loss) on assets sold	**50,209**	**3,598**	**(3,598)**	**50,209**	**88,329**	**6,777**	**(6,777)**	**88,329**
Loss on assets sold – net	(1,151)	-	-	(1,151)	(1,151)	-	-	(1,151)
Net income available to common stockholders	**$ 49,058**	**$ 3,598**	**$ (3,598)**	**$ 49,058**	**$ 87,178**	**$ 6,777**	**$ (6,777)**	**$ 87,178**

NOTE 14 – SUBSEQUENT EVENTS

$8 Million New Investment in July 2014

On July 1, 2014, we purchased one skilled nursing facility ("SNF") from an unrelated third party for approximately $8.2 million and leased it to an existing operator of Omega. The SNF located in Texas, totaling 125 beds, was added to the operator's existing master lease with an initial cash yield of 9.5%.

Transition of 2 West Virginia Facilities to a New Operator

On July 1, 2014, we transitioned 2 West Virginia SNFs that we previously leased to Diversicare Healthcare Services ("Diversicare" and formerly known as Advocat) to a new unrelated third party operator. The 2 facilities represent 150 operating beds. We amended our Diversicare master lease to reflect the transition of the 2 facilities to the new operator and in the second quarter of 2014, we recorded a $0.8 million provision for uncollectible straight-line accounts receivable. Simultaneous with the Diversicare master lease amendment, we entered into a 12 year master lease with a new third party operator.

$17.3 Million New Investment

As noted in Note 2 – Properties and Investments, on June 27, 2014 we purchased two facilities located in Georgia and South Carolina. The agreement included an additional facility which we purchased on July 31, 2014 for $17.3 million and added to our master lease.

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements, Reimbursement Issues and Other Factors Affecting Future Results

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this document, including statements regarding potential future changes in reimbursement. This document contains forward-looking statements within the meaning of the federal securities laws. These statements relate to our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events, performance and underlying assumptions and other statements other than statements of historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology including, but not limited to, terms such as "may," "will," "anticipates," "expects," "believes," "intends," "should" or comparable terms or the negative thereof. These statements are based on information available on the date of this filing and only speak as to the date hereof and no obligation to update such forward-looking statements should be assumed. Our actual results may differ materially from those reflected in the forward-looking statements contained herein as a result of a variety of factors, including, among other things:

- (i) those items discussed under "Risk Factors" in Item 1A to our annual report on Form 10-K for the year ended December 31, 2013 and in Part II, Item 1A of this report (if any);
- (ii) uncertainties relating to the business operations of the operators of our assets, including those relating to reimbursement by third-party payors, regulatory matters and occupancy levels;
- (iii) the ability of any operators in bankruptcy to reject unexpired lease obligations, modify the terms of our mortgages and impede our ability to collect unpaid rent or interest during the process of a bankruptcy proceeding and retain security deposits for the debtors' obligations;
- (iv) our ability to sell closed or foreclosed assets on a timely basis and on terms that allow us to realize the carrying value of these assets;
- (v) our ability to negotiate appropriate modifications to the terms of our credit facilities;
- (vi) our ability to manage, re-lease or sell any owned and operated facilities;
- (vii) the availability and cost of capital;
- (viii) changes in our credit ratings and the ratings of our debt securities;
- (ix) competition in the financing of healthcare facilities;
- (x) regulatory and other changes in the healthcare sector;
- (xi) the effect of economic and market conditions generally and, particularly, in the healthcare industry;
- (xii) changes in the financial position of our operators;
- (xiii) changes in interest rates;
- (xiv) the amount and yield of any additional investments;
- (xv) changes in tax laws and regulations affecting real estate investment trusts; and
- (xvi) our ability to maintain our status as a real estate investment trust.

Overview

We have one reportable segment consisting of investments in healthcare related real estate properties. Our core business is to provide financing and capital to the long-term healthcare industry with a particular focus on skilled nursing facilities ("SNFs") located in the United States. Our core portfolio consists of long-term leases and mortgage agreements. All of our leases are "triple-net" leases, which require the tenants to pay all property-related expenses. Our mortgage revenue derives from fixed-rate mortgage loans, which are secured by first mortgage liens on the underlying real estate and personal property of the mortgagor.

Our portfolio of investments at June 30, 2014, consisted of 564 healthcare facilities (including one facility that is closed/held for sale), located in 38 states and operated by 49 third-party operators. Our gross investment in these facilities totaled approximately $4.3 billion at June 30, 2014, with 99% of our real estate investments related to long-term healthcare facilities. Our portfolio is made up of (i) 477 SNFs, (ii) 19 assisted living facilities ("ALFs"), (iii) 11 specialty facilities, (iv) fixed rate mortgages on 54 SNFs and two ALFs and (v) one SNF that is closed/held for sale. At June 30, 2014, we also held other investments of approximately $56.1 million, consisting primarily of secured loans to third-party operators of our facilities.

Our consolidated financial statements include the accounts of (i) Omega and (ii) all direct and indirect wholly owned subsidiaries of Omega. All inter-company accounts and transactions have been eliminated in consolidation of the financial statements.

Taxation

We have elected to be taxed as a Real Estate Investment Trust ("REIT"), under Sections 856 through 860 of the Internal Revenue Code (the "Code"), beginning with our taxable year ended December 31, 1992. We believe that we have been organized and operated in such a manner as to qualify for taxation as a REIT. We intend to continue to operate in a manner that will maintain our qualification as a REIT, but no assurance can be given that we have operated or will be able to continue to operate in a manner so as to qualify or remain qualified as a REIT. Under the Code, we generally are not subject to federal income tax on taxable income distributed to stockholders if certain distribution, income, asset and stockholder tests are met, including a requirement that we must generally distribute at least 90% of our annual taxable income, excluding any net capital gain, to stockholders. If we fail to qualify as a REIT in any taxable year, we may be subject to federal income taxes on our taxable income for that year and for the four years following the year during which qualification is lost, unless the Internal Revenue Service grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to our stockholders. For further information, see "Taxation" in Item 1 of our annual report on Form 10-K for the year ended December 31, 2013.

Government Regulation and Reimbursement

The health care industry is heavily regulated. Our operators are subject to extensive and complex federal, state and local healthcare laws and regulations. These laws and regulations are subject to frequent and substantial changes resulting from the adoption of new legislation, rules and regulations, and administrative and judicial interpretations of existing law. The ultimate timing or effect of these changes, which may be applied retroactively, cannot be predicted. Changes in laws and regulations impacting our operators, in addition to regulatory non-compliance by our operators, can have a significant effect on the operations and financial condition of our operators, which in turn may adversely impact us. See "*Item 1A – Risk Factors*." The following is a discussion of certain laws and regulations generally applicable to our operators, and in certain cases, to us.

Healthcare Reform. A substantial amount of rules and regulations have been issued under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education and Reconciliation Act of 2010 (collectively referred to as the "Healthcare Reform Law"). We expect additional rules, regulations and interpretations under the Healthcare Reform Law that may materially affect our operators' financial condition and operations. For example, although the U.S. Supreme Court has upheld the Healthcare Reform Law (other than the requirement that states expand Medicaid beginning in 2014), the Healthcare Reform Law and the implementation thereof continue to receive challenge and scrutiny from Congress, state attorneys general and legislators, and private individuals and organizations. In addition, certain measures recently taken under the authority of, or in connection with, the Healthcare Reform Law may lead to additional modification and/or clarification in the future, including the following:

- On January 3, 2013, a new federal Commission on Long-Term Care was established and tasked with developing a plan for the establishment, implementation and financing of a high-quality system to provide long-term care services. In September 2013, the Commission released a report with 38 proposals for legislative and administrative actions to promote the establishment and financing of a long-term care services system that will ensure the availability of such services to those who need them. The Commission recommended creating a national advisory committee and convening a 2015 White House Conference on aging.

- The Healthcare Reform Law requires private health insurers that sell policies to individuals and small businesses to provide, starting in 2014, a set of "essential health benefits" in ten categories, including prescription drugs, rehabilitative and habilitative services, and chronic disease management. As required under the law, each state has defined the essential health benefits required in that state.

- The Healthcare Reform Law requires SNFs to implement a compliance and ethics program that is effective in preventing and detecting criminal, civil and administrative violations and in promoting quality of care. The Department of Health and Human Services ("HHS") has not yet issued the proposed regulations to implement this law that were due in March 2012.

Given the complexity of the Healthcare Reform Law and the substantial requirements for regulation thereunder, the impact of the Healthcare Reform Law on our operators or their ability to meet their obligations to us cannot be predicted. The Healthcare Reform Law could result in decreases in payments to our operators or otherwise adversely affect the financial condition of our operators, thereby negatively impacting our financial condition. Our operators may not be successful in modifying their operations to lessen the impact of any increased costs or other adverse effects resulting from changes in governmental programs, private insurance and/or employee welfare benefit plans. The impact of the Healthcare Reform Law on each of our operators will vary depending on payor mix, resident conditions and a variety of other factors. In addition to the provisions relating to reimbursement, other provisions of the Healthcare Reform Law may impact our operators as employers (e.g., requirements related to providing health insurance for employees). We anticipate that many of the provisions in the Healthcare Reform Law may be subject to further clarification and modification during the rule making process.

Reimbursement Generally. A significant portion of our operators' revenue is derived from governmentally-funded reimbursement programs, consisting primarily of Medicare and Medicaid. In recent years, the federal government and many state governments have focused on reducing expenditures under the Medicare and Medicaid programs, resulting in significant cost-cutting at both the federal and state levels. These cost-cutting measures, together with the implementation of changes in reimbursement rates such as those described below, could result in a significant reduction of reimbursement rates to our operators under both the Medicare and Medicaid programs.

On April 1, 2014, President Obama signed the "Protecting Access to Medicare Act of 2014" which calls for HHS to develop a value based purchasing program for SNFs aimed at lowering readmission rates. Beginning in 2018, 2% of SNFs' Medicare payments could be withheld and about 70% of those dollars would be distributed to SNFs with reduced hospital readmissions.

We currently believe that our operator coverage ratios are adequate and that our operators can absorb moderate reimbursement rate reductions and still meet their obligations to us. However, significant limits on the scopes of services reimbursed and/or reductions of reimbursement rates could have a material adverse effect on our operators' results of operations and financial condition, which could adversely affect our operators' ability to meet their obligations to us.

Medicaid. State budgetary concerns, coupled with the implementation of rules under the Healthcare Reform Law, may result in significant changes in healthcare spending at the state level. Many states are currently focusing on the reduction of expenditures under their state Medicaid programs, which may result in a reduction in reimbursement rates for our operators. The need to control Medicaid expenditures may be exacerbated by the potential for increased enrollment in Medicaid due to unemployment and declines in family incomes. Since our operators' profit margins on Medicaid patients are generally relatively low, more than modest reductions in Medicaid reimbursement or an increase in the number of Medicaid patients could adversely affect our operators' results of operations and financial condition, which in turn could negatively impact us.

The Healthcare Reform Law provided for Medicaid coverage to be expanded to all individuals under age 65 with incomes up to 133% of the federal poverty level, beginning January 1, 2014. The federal government will pay the entire cost for Medicaid coverage for newly eligible beneficiaries for 3 years (2014 through 2016). In 2017, the federal share declines to 95%; in 2018, to 94%; in 2019, to 93%; and in 2020 and subsequent years, to 90%. Pursuant to the law, states may delay Medicaid expansion after 2014, but the federal payment rates will be less.

However, on June 28, 2012, the Supreme Court ruled that states could not be required to expand Medicaid or risk losing federal funding of their existing Medicaid programs. Approximately half of the states have expanded or are expanding in 2014 Medicaid coverage as contemplated by the Healthcare Reform Law, with many of the remaining states involved in a variety of legislative proposals or discussions. HHS has stated that it will consider a limited number of premium assistance demonstration programs from states that want to privatize Medicaid expansion. States must provide a choice between at least two qualified health plans that offer very similar benefits as those required by the health insurance exchanges. Arkansas became the first state to obtain federal approval to use Medicaid funding to purchase private insurance for low-income residents. Iowa and Michigan have also secured waivers, and three other states have pending waivers for alternative Medicaid expansion plans.

Medicare. The Center for Medicaid and Medicare Services ("CMS") estimates that aggregate Medicare payments to SNFs will increase by $750 million, or 2.0%, for the federal fiscal year that begins October 1, 2014 relative to payments in the prior federal fiscal year. This estimated increase is attributable to a 2.5% market based increase, reduced by a 0.5% multifactor productivity adjustment required by law.

Provisions contained in the American Taxpayer Relief Act ("ATRA") of 2012, known colloquially as the fiscal cliff deal, are designed to reduce Medicare payments to SNFs by an estimated $600 million during 2012 to 2022. It also reduces payments for multiple procedures or therapies provided on the same day, which will result in approximately $1.8 billion savings to Medicare over the next 10 years, which will impact SNFs as well. Under ATRA, sequestration cuts impacting domestic and defense spending became effective March 1, 2013. Although Medicaid is exempted from the sequestration cuts, they included a 2% cut in payments to Medicare providers and suppliers, which amounted to an estimated $11.3 billion in cuts in federal fiscal year 2013. The Bipartisan Budget Act of 2013 provides for $63 billion in sequestration relief in federal fiscal years 2014 and 2015 which will be split evenly between defense and nondefense programs. It is unknown how Medicare will be impacted.

The "Protecting Access to Medicare Act of 2014" also extended the Medicare therapy cap exceptions process through March 31, 2015. The statutory Medicare Part B outpatient cap for occupational therapy is $1,920 for 2014, and the combined cap for physical therapy and speech therapy is also $1,920 for 2014. These caps do not apply to therapy services covered under Medicare Part A for SNFs, although the caps apply in most other instances involving patients in SNFs or long-term care facilities who receive therapy services covered under Medicare Part B. The exception process permits medically necessary therapy services beyond the cap limits. Expiration of the therapy cap exceptions process in the future could have a material adverse effect on our operators' financial condition and operations, which could adversely impact their ability to meet their obligations to us.

Quality of Care Initiatives. The CMS has implemented a number of initiatives focused on the quality of care provided by nursing homes that could affect our operators. For instance, in December 2008, the CMS released quality ratings for all of the nursing homes that participate in Medicare or Medicaid. Facility rankings, ranging from five stars ("much above average") to one star ("much below average") are updated on a monthly basis. SNFs are required to provide information for the CMS Nursing Home Compare website regarding staffing and quality measures. Based on this data and the results of state health inspections, SNFs are then rated based on the five-star rating system. We cannot predict what changes, if any, CMS will make to the rating system. It is possible that this or any other ranking system could lead to future reimbursement policies that reward or penalize facilities on the basis of the reported quality of care parameters.

CMS has incorporated hospital readmissions review into the Quality Indicators Survey. Under Medicare's Inpatient Prospective Payment System, CMS began adjusting payments to hospitals for excessive readmissions of patients for heart attacks, heart failure and pneumonia during fiscal years beginning on and after October 1, 2012. Long term care facilities will be under increased scrutiny to prevent residents from being readmitted to hospitals for these conditions in particular, and have an opportunity to demonstrate their quality of care by reducing their hospital readmission rates. It is anticipated that hospital readmissions will be a consideration in the future in the CMS five-star rating system.

Office of the Inspector General Activities. The Office of Inspector General's (the "OIG") Work Plan for government fiscal year 2014, which describes projects that the OIG plans to address during the fiscal year, includes a number of projects related to nursing homes. Reviews of Medicare Part A and Part B payments and services for SNFs will focus on the following: (1) Medicare Part A billing; (2) billing patterns for Part B services; (3) state agency verification of deficiency corrections; (4) background checks for employees; and (5) hospitalization of residents for manageable and preventable conditions. The OIG will also continue its efforts in addressing fraud and abuse. While we cannot predict the results of the OIG's activities, the projects could result in further scrutiny and/or oversight of nursing homes.

Fraud and Abuse. There are various federal and state civil and criminal laws and regulations governing a wide array of healthcare provider referrals, relationships and arrangements, including laws and regulations prohibiting fraud by healthcare providers. Many of these complex laws raise issues that have not been clearly interpreted by the relevant governmental authorities and courts. In addition, federal and state governments are devoting increasing attention and resources to anti-fraud initiatives against healthcare providers.

The federal anti-kickback statute is a criminal statute that prohibits the knowing and willful offer, payment, solicitation or receipt of any remuneration in return for, to induce or to arrange for the referral of individuals for any item or service payable by a federal or state healthcare program. There is also a civil analogue. States also have enacted similar statutes covering Medicaid payments, and some states have broader statutes. Some enforcement efforts have targeted relationships between SNFs and ancillary providers, relationships between SNFs and referral sources for SNFs and relationships between SNFs and facilities for which the SNFs serve as referral sources. The federal self-referral law, commonly known as the "Stark Law," is a civil statute that prohibits a physician from making referrals to an entity for "designated health services" if the physician has a financial relationship with the entity. Some of the services provided in SNFs are classified as designated health services. There are also criminal provisions that prohibit filing false claims or making false statements to receive payment or certification under Medicare and Medicaid, as well as failing to refund overpayments or improper payments. Violation of the anti-kickback statute or Stark Law may form the basis for a federal False Claims Act violation. In addition, the federal False Claims Act allows a private individual with knowledge of fraud to bring a claim on behalf of the federal government and earn a percentage of the federal government's recovery. Because of these incentives, these so-called "whistleblower" suits have become more frequent. The violation of any of these laws or regulations by an operator may result in the imposition of fines or other penalties, including exclusion from Medicare, Medicaid and all other federal and state healthcare programs.

Privacy. Our operators are subject to various federal, state and local laws and regulations designed to protect the confidentiality and security of patient health information, including the federal Health Insurance Portability and Accountability Act of 1996, as amended, the Health Information Technology for Economic and Clinical Health Act, and the corresponding regulations promulgated thereunder ("HIPAA"). On January 25, 2013, the Office for Civil Rights issued a final rule modifying HIPAA to increase the requirements on our operators. Some of the new requirements include, among other things: making business associates subject to the HIPAA Privacy and Security Rules which will require new business associate agreements; changes in determining whether a breach of unsecured protected health information occurred; new requirements for the Notice of Privacy Practices; and decreasing the time to disclose protected health information and requiring disclosures to be electronic under certain conditions. HHS has been conducting audits of covered entities to evaluate compliance with HIPAA, and has announced that in 2014 it will continue its audit program which will also include business associates and will focus on security risk assessments.

Various states have similar laws and regulations that govern the maintenance and safeguarding of patient records, charts and other information generated in connection with the provision of professional medical services. These laws and regulations require our operators to expend the requisite resources to secure protected health information, including the funding of costs associated with technology upgrades. Operators found in violation of HIPAA or any other privacy law or regulation may face large penalties. In addition, compliance with an operator's notification requirements in the event of a breach of unsecured protected health information could cause reputational harm to an operator's business.

Licensing and Certification. Our operators and facilities are subject to various federal, state and local licensing and certification laws and regulations, including laws and regulations under Medicare and Medicaid requiring operators of SNFs and ALFs to comply with extensive standards governing operations. Governmental agencies administering these laws and regulations regularly inspect our operators' facilities and investigate complaints. Our operators and their managers receive notices of observed violations and deficiencies from time to time, and sanctions have been imposed from time to time on facilities operated by them.

Other Laws and Regulations. Additional federal, state and local laws and regulations affect how our operators conduct their operations, including laws and regulations protecting consumers against deceptive practices and otherwise generally affecting our operators' management of their property and equipment and the conduct of their operations (including laws and regulations involving fire, health and safety; quality of services, including care and food service; residents' rights, including abuse and neglect laws; and the health standards set by the federal Occupational Safety and Health Administration).

General and Professional Liability. Although arbitration agreements have been effective in limiting general and professional liabilities for long term care providers, there have been national efforts to outlaw the use of pre-dispute arbitration agreements in long term care settings. At least one state is allowing residents to sue a SNF for failing to comply with staffing quality measures. All of these factors have a potential impact on liability costs of our operators, which could adversely affect our operators' ability to meet their obligations to us.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"), and a summary of our significant accounting policies is included in Note 2 – Summary of Significant Accounting Policies to our Annual Report on Form 10-K for the year ended December 31, 2013. Our preparation of the financial statements requires us to make estimates and assumptions about future events that affect the amounts reported in our financial statements and accompanying footnotes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such difference may be material to the consolidated financial statements. We have described our most critical accounting policies in our 2013 Annual Report on Form 10-K in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Recent Accounting Pronouncements

Discontinued Operations

In April 2014, we adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update No 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* (ASU 2014-08). ASU 2014-08 changes the criteria for determining which disposals can be presented as discontinued operations and modified related disclosure requirements. Under the new guidance, a discontinued operation is defined as: (i) a disposal of a component or group of components that is disposed of or is classified as held for sale that represents a strategic shift that has or will have a major effect on an entity's operations and financial results or (ii) an acquired business or nonprofit activity that is classified as held for sale on the date of acquisition. The standard states that a strategic shift could include a disposal of (i) a major geographical area of operations, (ii) a major line of business, (iii) a major equity method investment, or (iv) other major parts of an entity.

The standard expands the disclosures for discontinued operations and requires new disclosures related to individually material disposals that do not meet the definition of a discontinued operation, an entity's continuing involvement with a discontinued operation following the disposal date and retained equity method investments in a discontinued operation. The guidance is effective for annual periods beginning on or after December 15, 2014 and interim periods within that year. Early adoption is permitted, and calendar year-end companies may early adopt the guidance in the first quarter of 2014, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issue. We have chosen to adopt the guidance effective January 1, 2014 and determined that the adoption had no impact on our consolidated financial statements.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. We will be required to apply the new standard in the first quarter of 2017 and are assessing whether the new standard will have a material effect on our financial position or results of operations.

Results of Operations

The following is our discussion of the consolidated results of operations, financial position and liquidity and capital resources, which should be read in conjunction with our unaudited consolidated financial statements and accompanying notes.

Three Months Ended June 30, 2014 and 2013

Operating Revenues

Our operating revenues for the three months ended June 30, 2014, totaled $121.8 million, an increase of $19.3 million over the same period in 2013. The $19.3 million increase was primarily the result of: (i) approximately $14.1 million of direct financing lease revenue associated with a direct financing lease agreement we entered into with the Ark Holding Company, Inc. in November 2013, now known as New Ark Investment, Inc. ("New Ark"), (ii) $2.5 million increase in mortgage interest income primarily due to the $112.5 million mortgage we entered into with an existing operator during the first quarter of 2014 and (iii) additional $3.2 million rental income associated with acquisitions and lease amendments made throughout the second half of 2013 and first half of 2014.

Operating Expenses

Operating expenses for the three months ended June 30, 2014, totaled $42.0 million, an increase of approximately $4.2 million over the same period in 2013. The increase was primarily due to: (i) $2.7 million provision for uncollectible receivables related to (i) a write-off of an effective yield interest receivable related to the refinancing (termination) of a mortgage receivable and (ii) a write-off of a straight-line receivable related to the transition of two facilities from an existing operator to a new operator, (ii) $1.6 million provision for impairments on real estate properties and (iii) $0.8 million in general and administrative expense offset by $0.9 million of reduced depreciation and amortization expense. The increase in general and administrative expense included an increase of approximately $0.8 million of additional stock based compensation expense related to the new incentive stock plan. The decrease in depreciation expense is the result of shorter lived assets acquired over the past few years becoming fully depreciated.

Other Income (Expense)

For the three months ended June 30, 2014, total other expenses were $33.0 million, an increase of approximately $18.5 million over the same period in 2013. The increase was primarily the result of an increase of approximately $4.5 million in interest expense due to an increase in borrowings outstanding and write-off of approximately $2.6 million of deferred financing costs associated with the termination of the Company's 2012 Credit Facilities. In 2013, we recorded an $11.1 million gain related to the early extinguishment of debt in May 2013.

Six Months Ended June 30, 2014 and 2013

Operating Revenues

Our operating revenues for the six months ended June 30, 2014, totaled $242.8 million, an increase of $38.5 million over the same period in 2013. The $38.5 million increase was primarily the result of: (i) approximately $28.2 million of direct financing lease revenue associated with a direct financing lease agreement we entered into with New Ark in November 2013, (ii) $4.5 million increase in mortgage interest income primarily due to the new mortgage we entered into in the first quarter of 2014 and (iii) additional $6.0 million rental income associated with acquisitions and lease amendments made throughout the second half of 2013 and first half of 2014 offset by a $0.2 million decrease in other investment income primarily related to a mezzanine loan paid off in December 2013.

Operating Expenses

Operating expenses for the six months ended June 30, 2014, totaled $80.0 million, an increase of approximately $4.9 million over the same period in 2013. The increase was primarily due to: (i) $2.7 million provision for uncollectible receivables related to (i) a write-off of an effective yield interest receivable related to the refinancing (termination) of a mortgage receivable and (ii) a straight-line receivable related to the transition of two facilities from an existing operator to a new operator, (ii) $2.1 million in general and administrative expense and (iii) $1.6 million provision for impairment on real estate properties offset by $1.4 million of reduced depreciation and amortization expense. The increase in general and administrative expense included an increase of approximately $1.6 million of additional stock based compensation expense related to the new incentive stock plan. The decrease in depreciation expense is the result of shorter lived assets acquired over the past few years becoming fully depreciated.

Other Income (Expense)

For the six months ended June 30, 2014, total other expenses were $63.1 million, an increase of approximately $22.2 million over the same period in 2013. The increase was primarily the result of: (i) an increase of approximately $5.9 million in interest expense due to an increase in borrowings outstanding and (ii) $4.7 million interest refinancing charge associated with (a) $2.6 million write-off of in deferred financing costs associated with the termination of our previous $700 million senior unsecured credit facility (the "2012 Credit Facilities") and (b) $2.0 million write-off of deferred financing costs associated with the termination of our 2013 Term Loan Facility as defined under "Repayment of $200 Million Term Loan" below. In 2013, we recorded an $11.1 million gain related to the early extinguishment of debt in May 2013.

Funds From Operations

Our funds from operations available to common stockholders ("FFO"), for the three months ended June 30, 2014, was $79.7 million, compared to $82.4 million, for the same period in 2013. Our FFO for the six months ended June 30, 2014 was $164.1 million, compared to $152.5 million for the same period in 2013.

We calculate and report FFO in accordance with the definition and interpretive guidelines issued by the National Association of Real Estate Investment Trusts ("NAREIT"), and, consequently, FFO is defined as net income available to common stockholders, adjusted for the effects of asset dispositions and certain non-cash items, primarily depreciation and amortization and impairment on real estate assets. We believe that FFO is an important supplemental measure of our operating performance. Because the historical cost accounting convention used for real estate assets requires depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time, while real estate values instead have historically risen or fallen with market conditions. The term FFO was designed by the real estate industry to address this issue. FFO herein is not necessarily comparable to FFO of other REITs that do not use the same definition or implementation guidelines or interpret the standards differently from us.

FFO is a non-GAAP financial measure. We use FFO as one of several criteria to measure operating performance of our business. We further believe that by excluding the effect of depreciation, amortization, impairment on real estate assets and gains or losses from sales of real estate, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO can facilitate comparisons of operating performance between periods and between other REITs. We offer this measure to assist the users of our financial statements in evaluating our financial performance under GAAP, and FFO should not be considered a measure of liquidity, an alternative to net income or an indicator of any other performance measure determined in accordance with GAAP. Investors and potential investors in our securities should not rely on this measure as a substitute for any GAAP measure, including net income.

The following table presents our FFO results for the three- and six- months periods ended June 30, 2014 and 2013:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(in thousands)			
Net income available to common stockholders	$ 46,817	$ 49,058	$ 102,646	$ 87,178
Add back loss (deduct gain) from real estate dispositions	—	1,151	(2,883)	1,151
Sub-total	46,817	50,209	99,763	88,329
Elimination of non-cash items included in net income:				
Depreciation and amortization	31,301	32,225	62,745	64,184
Add back impairments on real estate properties	1,558	—	1,558	—
Funds from operations available to common stockholders	$ 79,676	$ 82,434	$ 164,066	$ 152,513

Portfolio and Recent Developments

$415 Million of New Investment in Q2 2014

On June 30, 2014, we entered into an agreement to refinance/consolidate $117 million in existing mortgages on 17 facilities into one mortgage and simultaneously provide mortgage financing for an additional 14 facilities. The new $415 million mortgage is secured by 31 facilities totaling 3,430 licensed beds all located in the state of Michigan. The new loan bears an initial annual cash interest rate of 9.0% and increases by 0.225% per year (e.g., beginning in year 2 the interest rate will be 9.225%, in year 3 the rate will be 9.45%, etc.).

One of the existing mortgages that was refinanced/consolidated into the new $415 million mortgage included annual interest rate escalators and required the mortgagee to pay a prepayment penalty in the event the mortgage was retired early which required us to record an effective yield interest receivable. In connection with the refinancing/consolidating transaction which was entered into at market terms, the old mortgage was considered to be retired early since the modifications made to the terms of the mortgage are more than minor. As on the date of the refinancing/consolidation transaction, the effective yield interest receivable was approximately $2.0 million. We forgave the prepayment penalty associated with the retired mortgage and recorded a $2.0 million provision to write-off the effective yield interest receivable related to the retired mortgage.

$17.3 Million of New Investment in Q2 2014

On June 27, 2014, we purchased two SNFs from an unrelated third party for approximately $17.3 million and leased them to an existing operator of Omega. The SNFs, located in Georgia and South Carolina, totaling 213 beds, were combined into a 12 year master lease with an initial cash yield of 9.5%.

The master lease allows for the purchase of a third facility located in South Carolina. We expect to purchase the third facility during the third quarter of 2014 and add it to the master lease. The combined purchase price, including the third facility, will be $34.6 million.

$113 Million of New Investment in Q1 2014

On January 17, 2014, we entered into a $112.5 million first mortgage loan with an existing operator of Omega. The loan is secured by 7 SNFs and 2 ALFs totaling 784 operating beds located in Pennsylvania (7) and Ohio (2). The loan is cross-defaulted and cross-collateralized with our existing master lease with the operator. The loan bears an initial annual cash interest rate of 9.5% and matures in January 2024.

$4.7 Million of New Investment in Q1 2014

On January 30, 2014, we acquired an ALF in Arizona from an unrelated third party for approximately $4.7 million. The operations of the 90 bed facility were transitioned to an existing operator of Omega.

Assets Sold and Closures

For the three-month period ended June 30, 2014, we sold a parcel of undeveloped land in Texas to a third party for approximately $0.3 million. We also closed a 75 bed developmentally disability facility in Indiana and recorded a $1.6 million impairment charge to reduce the carrying value of the facility to its estimated fair value based upon estimated future cash flows.

In first quarter of 2014, we sold one SNF in Louisiana for approximately $1.0 million, resulting in a $0.8 million gain. We also sold two closed held-for-sale SNFs for total cash proceeds of $2.6 million, generating approximately a $2.1 million gain.

Assets Held for Sale

At June 30, 2014, we had one SNF and one parcel of land classified as held-for-sale with an aggregate net book value of approximately $0.8 million.

Liquidity and Capital Resources

At June 30, 2014, we had total assets of $3.9 billion, stockholders’ equity of $1.4 billion and debt of $2.4 billion, representing approximately 63.0% of total capitalization.

Financing Activities and Borrowing Arrangements

Certain of our other secured and unsecured borrowings are subject to customary affirmative and negative covenants, including financial covenants. As of December 31, 2013 and June 30, 2014, we were in compliance with all affirmative and negative covenants, including financial covenants, for our secured and unsecured borrowings.

Bank Credit Agreements

On June 27, 2014, we entered into a new $1.2 billion unsecured credit facility, comprised of a $1 billion senior unsecured revolving credit facility (the "Revolving Credit Facility") and a $200 million senior unsecured term loan facility (the "Term Loan Facility" and, collectively, the "2014 Credit Facilities").

The 2014 Credit Facilities replace our previous $700 million 2012 Credit Facilities. The 2014 Credit Facilities include an "accordion feature" that permits us to expand our borrowing capacity by $550 million, for maximum aggregate commitments of up to $1.75 billion.

The Revolving Credit Facility is priced at LIBOR plus an applicable percentage (beginning at 130 basis points, with a range of 92.5 to 170 basis points) based on our ratings from Standard & Poor's, Moody's and/or Fitch Ratings, plus a facility fee based on the same ratings (initially 25 basis points, with a range of 12.5 to 30 basis points). The Revolving Credit Facility will be used for acquisitions and general corporate purposes. At June 30, 2014, we had $270 million in borrowings outstanding under the Revolving Credit Facility. The Revolving Credit Facility matures on June 27, 2018, subject to a one-time option by us to extend such maturity date by one year.

The Term Loan Facility is also priced at LIBOR plus an applicable percentage (beginning at 150 basis points, with a range of 100 to 195 basis points) based on our ratings from Standard & Poor's, Moody's and/or Fitch Ratings. At June 30, 2014, we had $200 million in borrowings outstanding under the Term Loan Facility. The Term Loan Facility matures on June 27, 2019.

For the three month period ended June 30, 2014, we recorded a non-cash charge of approximately $2.6 million relating to the write-off of unamortized deferred financing costs associated with the termination of the 2012 Credit Facilities.

Repayment of $200 Million Term Loan

On December 27, 2013, we entered into a new $200 million senior unsecured, deferred draw, term loan facility (the "2013 Term Loan Facility") that was scheduled to mature on February 29, 2016.

The 2013 Term Loan Facility was priced at LIBOR plus an applicable percentage (beginning at 175 basis points, with a range of 110 to 230 basis points) based on our ratings from Standard & Poor's, Moody's and/or Fitch Ratings.

In January 2014, we drew all $200 million under the 2013 Term Loan Facility and used the proceeds to (i) fund a new mortgage investment and (ii) repay outstanding borrowings under the 2012 Revolving Credit Facility. In March 2014, we paid off and terminated the 2013 Term Loan Facility with proceeds from the sale of our 4.95% Senior Notes due 2024 (see below). In addition, we recorded a non-cash charge of approximately $2.0 million relating to the write-off of deferred financing costs associated with the termination of the 2013 Term Loan Facility.

Issuance of $400 Million of Senior Notes

On March 6, 2014, we sold $400 million aggregate principal amount of our 4.95% Senior Notes due 2024. These notes were sold at an issue price of 98.58% of the principal amount of the notes, before the initial purchasers' discount resulting in gross proceeds of approximately $394.3 million. We used the net proceeds of the offering to repay in full our $200 million 2013 Term Loan Facility and a portion of our indebtedness outstanding under our 2012 Revolving Credit Facility.

$250 Million Equity Shelf Program

On March 18, 2013, we entered into separate Equity Distribution Agreements (collectively, the "2013 Equity Shelf Agreements") to sell shares of our common stock having an aggregate gross sales price of up to $250 million (the "2013 Equity Shelf Program") with several financial institutions, each as a sales agent and/or principal (collectively, the "Managers").

For the three-month period ended June 30, 2014, we issued approximately 0.9 million shares under the 2013 Equity Shelf Program, at an average price of $35.18 per share, generating gross proceeds of approximately $30.0 million, before $0.6 million of commissions. For the six-month period ended June 30, 2014, we issued approximately 1.7 million shares under the 2013 Equity Shelf Program, at an average price of $34.06 per share, generating gross proceeds of approximately $58.5 million, before $1.2 million of commissions.

Dividend Reinvestment and Common Stock Purchase Plan

For the three-month period ended June 30, 2014, approximately 0.4 million shares of our common stock at an average price of $35.17 per share were issued through our Dividend Reinvestment and Common Stock Purchase Program for gross proceeds of approximately $14.3 million. For the six-month period ended June 30, 2014, approximately 1.4 million shares of our common stock at an average price of $32.76 per share were issued through our Dividend Reinvestment and Common Stock Purchase Program for gross proceeds of approximately $45.8 million.

Dividends

In order to qualify as a REIT, we are required to distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to (A) the sum of (i) 90% of our "REIT taxable income" (computed without regard to the dividends paid deduction and our net capital gain), and (ii) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of non-cash income. In addition, if we dispose of any built-in gain asset during a recognition period, we will be required to distribute at least 90% of the built-in gain (after tax), if any, recognized on the disposition of such asset. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before we timely file our tax return for such year and paid on or before the first regular dividend payment after such declaration. In addition, such distributions are required to be made pro rata, with no preference to any share of stock as compared with other shares of the same class, and with no preference to one class of stock as compared with another class except to the extent that such class is entitled to such a preference. To the extent that we do not distribute all of our net capital gain or do distribute at least 90%, but less than 100% of our "REIT taxable income" as adjusted, we will be subject to tax thereon at regular ordinary and capital gain corporate tax rates.

For the three- and six- months ended June 30, 2014, we paid total dividends of $63.8 million and $125.5 million, respectively.

On July 15, 2014, the Board of Directors declared a common stock dividend of $0.51 per share, increasing the quarterly common dividend by $0.01 per share over the previous quarter. The common dividends are to be paid August 15, 2014 to common stockholders of record on July 31, 2014.

Liquidity

We believe our liquidity and various sources of available capital, including cash from operations, our existing availability under our 2014 Credit Facilities and expected proceeds from mortgage payoffs are adequate to finance operations, meet recurring debt service requirements and fund future investments through the next twelve months.

We regularly review our liquidity needs, the adequacy of cash flow from operations, and other expected liquidity sources to meet these needs. We believe our principal short-term liquidity needs are to fund:

- normal recurring expenses;
- debt service payments;
- common stock dividends; and
- growth through acquisitions of additional properties.

The primary source of liquidity is our cash flows from operations. Operating cash flows have historically been determined by: (i) the number of facilities we lease or have mortgages on; (ii) rental and mortgage rates; (iii) our debt service obligations; and (iv) general and administrative expenses. The timing, source and amount of cash flows provided by financing activities and used in investing activities are sensitive to the capital markets environment, especially to changes in interest rates. Changes in the capital markets environment may impact the availability of cost-effective capital and affect our plans for acquisition and disposition activity.

Cash and cash equivalents totaled $28.7 million as of June 30, 2014, an increase of $26.1 million as compared to the balance at December 31, 2013. The following is a discussion of changes in cash and cash equivalents due to operating, investing and financing activities, which are presented in our Consolidated Statements of Cash Flows.

Operating Activities – Operating activities generated $166.8 million of net cash flow for the six months ended June 30, 2014, as compared to $121.3 million for the same period in 2013, an increase of $45.5 million. The increase was primarily due to the additional cash flow generated from new investments, including the facilities acquired and leased throughout 2013 and first half of 2014 as well as the new investments in mortgage financing.

Investing Activities – Net cash flow from investing activities was an outflow of $440.3 million for the six months ended June 30, 2014, as compared to an outflow of $45.0 million for the same period in 2013. The $395.3 million increase in cash outflow from investing activities relates primarily to the $410.8 million of net mortgage investment made in 2014 compared to $2.6 million during the same period in 2013. In 2014, we also acquired several facilities for a total of $22.0 million. Offsetting the increases of the cash outflow were: (i) a decrease of $24.3 million in other investment activity compared to the same period in 2013, (ii) an increase of $1.6 million in proceeds from the sale of real estate in 2014 compared to the same period in 2013 and (iii) a decrease of $8.9 million in our capital renovation program investment compared to the same period of 2013.

Financing Activities – Net cash flow from financing activities was an inflow of $299.6 million for the six months ended June 30, 2014 as compared to an outflow of $71.0 million for the same period in 2013. The $370.7 million change in financing activities was primarily a result of: (i) an increase in proceeds of $535.0 million in long term borrowings including (a) cash proceeds of $394 million from our 4.95% Senior Notes due 2024 issued in March 2014; (b) cash proceeds of $200 million on the 2013 Term Loan Facility in the first quarter of 2014, as compared to (c) $59.4 million proceeds from HUD debt refinancing during the first quarter of 2013 and (ii) an increase in net proceeds of $4.2 million from our dividend reinvestment plan compared to the same period in 2013 offset by an increase of $90.3 million in payments of long term borrowings primarily due to early extinguishment of $200 million 2013 Term Loan Facility during the first quarter of 2014 as compared to a $60 million HUD mortgage refinance payoff including routine HUD debt principal in the first quarter of 2013 and $51.0 million related to the outstanding principal of the 11 HUD mortgages and a decrease in net proceeds of $41.1 million from our common stock issued through our Equity Shelf Program compared to the same period in 2013. In addition, our outflow from dividend payments increased by $21.5 million due to an increase in number of shares outstanding and an increase of $0.08 per share in the common dividends.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our primary market risk exposures or how those exposures are managed from the information disclosed under Item 7A of our annual report on Form 10-K for the year ended December 31, 2013.

Item 4 – Controls and Procedures

Disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In connection with the preparation of this Form 10-Q, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2014. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of June 30, 2014.

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this report identified in connection with the evaluation of our disclosure controls and procedures described above that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings

See Note 11 – Litigation to the Consolidated Financial Statements in Part I, Item 1 hereto, which is hereby incorporated by reference in response to this item.

Item 1A – Risk Factors

We filed our Annual Report on Form 10-K for the year ended December 31, 2013, with the Securities and Exchange Commission on February 11, 2014, which sets forth our risk factors in Item 1A therein. We have not experienced any material changes from the risk factors previously described therein.

Item 6–Exhibits

Exhibit No.		
4.1A		Eleventh Supplemental Indenture, dated as of February 14, 2014, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, relating to the 7.50% Senior Notes due 2020.*
4.1B		Twelfth Supplemental Indenture, dated as of June 27, 2014, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, relating to the 7.50% Senior Notes due 2020.*
4.2A		Ninth Supplemental Indenture, dated as of February 14, 2014, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, relating to the 6.75% Senior Notes due 2022.*
4.2B		Tenth Supplemental Indenture, dated as of June 27, 2014, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, relating to the 6.75% Senior Notes due 2022.*
4.3A		Seventh Supplemental Indenture, dated as of February 14, 2014, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, relating to the 5.875% Senior Notes due 2024.*
4.3B		Eighth Supplemental Indenture, dated as of June 27, 2014, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, relating to the 5.875% Senior Notes due 2024.*
4.4		First Supplemental Indenture, dated as of June 27, 2014, among Omega Healthcare Investors, Inc., each of the subsidiary guarantors listed therein and U.S. Bank National Association, as trustee, relating to the 4.95% Senior Notes due 2024.*
10.1		Credit Agreement, dated as of June 27, 2014, among Omega Healthcare Investors, Inc., certain subsidiaries of Omega Healthcare Investors, Inc. identified therein as guarantors, the lenders named therein and Bank of America, N.A. as Administrative Agent (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 2, 2014).
31.1		Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.*
31.2		Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.*
32.1		Section 1350 Certification of the Chief Executive Officer.*
32.2		Section 1350 Certification of the Chief Financial Officer.*
101.INS		XBRL Instance Document.
101.SCH		XBRL Taxonomy Extension Schema Document.
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF		XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB		XBRL Taxonomy Extension Label Linkbase Document.
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document.

* Exhibits that are filed herewith.

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.

OMEGA HEALTHCARE INVESTORS, INC.
Registrant

Date:	August 6, 2014	By: /S/ C. TAYLOR PICKETT C. Taylor Pickett Chief Executive Officer
Date:	August 6, 2014	By: /S/ ROBERT O. STEPHENSON Robert O. Stephenson Chief Financial Officer

Exhibit 4.1A

ELEVENTH SUPPLEMENTAL INDENTURE
(Senior Notes due 2020)

THIS ELEVENTH SUPPLEMENTAL INDENTURE (this "Eleventh Supplemental Indenture") is dated as of February 14, 2014, among OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation (the "Issuer"), each of the SUBSIDIARY GUARANTORS listed on Schedule I hereto (collectively, the " Subsidiary Guarantors"), each of the companies listed on Schedule II hereto (collectively, the " New Subsidiaries"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Issuer and the Subsidiary Guarantors have heretofore executed and delivered to the Trustee an Indenture, dated as of February 9, 2010 (as supplemented by that First Supplemental Indenture, dated June 23, 2010, that Second Supplemental Indenture, dated as of September 2, 2010, that Third Supplemental Indenture, dated as of January 13, 2011, that Fourth Supplemental Indenture, dated as of June 10, 2011, that Fifth Supplemental Indenture, dated as of July 2, 2012, that Sixth Supplemental Indenture, dated as of August 9, 2012, that Seventh Supplemental Indenture, dated as of September 24, 2012, that Eighth Supplemental Indenture, effective as of December 31, 2012, that Ninth Supplemental Indenture, dated as of August 1, 2013, and that Tenth Supplemental Indenture, dated as of October 23, 2013, the "Indenture"), providing for the issuance of the Issuer's 7-1/2% Senior Notes due 2020 (the " Notes");

WHEREAS, Section 9.01 of the Indenture authorizes the Issuer, the Subsidiary Guarantors and the Trustee, together, to amend or supplement the Indenture, without notice to or consent of any Holder of the Notes, for the purpose of making any change that would not materially adversely affect the rights of any Holder of the Notes;

WHEREAS, the Issuer has created the New Subsidiaries, which are required to become Subsidiary Guarantors pursuant to Section 4.14 of the Indenture;

WHEREAS, in Section 1.01 of the Indenture, the term "Subsidiary Guarantors" is defined to include all Persons that become a Subsidiary Guarantor by the terms of the Indenture after the Closing Date; and

WHEREAS, Section 10.01 of the Indenture provides that each Subsidiary Guarantor shall be a guarantor of the Issuer's obligations under the Notes, subject to the terms and conditions described in the Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Subsidiary Guarantors, the New Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AMENDMENT TO GUARANTEE. The New Subsidiaries hereby agree, jointly and severally with all other Subsidiary Guarantors, to guarantee the Issuer's obligations under the Notes on the terms and subject to the conditions set forth in the Indenture, and to be bound by, and to receive the benefit of, all other applicable provisions of the Indenture as Subsidiary Guarantors. Such guarantee shall be evidenced by the New Subsidiaries' execution of Subsidiary Guarantees, the form of which is attached as Exhibit E to the Indenture, and shall be effective as of the date hereof.

3. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, partner, affiliate, beneficiary or stockholder of the New Subsidiaries, as such, shall have any liability for any obligations of the Issuer or any Subsidiary Guarantor under the Notes, any Guarantees, the Indenture or this Eleventh Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes, by accepting and holding a Note, waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

4. NEW YORK LAW TO GOVERN. The laws of the State of New York shall govern and be used to construe this Eleventh Supplemental Indenture.

5. COUNTERPARTS. The parties may sign any number of copies of this Eleventh Supplemental Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Eleventh Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuer, the Subsidiary Guarantors and the New Subsidiaries.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Eleventh Supplemental Indenture to be duly executed, all as of the date first above written.

OMEGA HEALTHCARE INVESTORS, INC.

By: /s/ Robert O. Stephenson
Name: Robert O. Stephenson
Title: Chief Financial Officer and Treasurer

On behalf of each Subsidiary Guarantor, its sole member, general partner or trustee, named on the attached Schedule I

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

On behalf of each of the New Subsidiaries or its sole member, named on the attached Schedule II

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Dave Ferrell
Name: Dave Ferrell
Title: Vice President

Schedule I

SUBSIDIARY GUARANTORS

13922 Cerise Avenue, LLC
245 East Wilshire Avenue, LLC
3806 Clayton Road, LLC
637 East Romie Lane, LLC
523 Hayes Lane, LLC
1200 Ely Street Holdings Co. LLC
42235 County Road Holdings Co. LLC
2425 Teller Avenue, LLC
48 High Point Road, LLC
Arizona Lessor - Infinia, Inc.
Bayside Colorado Healthcare Associates, Inc.
Bayside Street II, Inc. (for itself and as successor by merger with Bayside Alabama Healthcare Second, Inc., Bayside Arizona Healthcare Second, Inc., and Bayside Colorado Healthcare Second, Inc.)
Bayside Street, Inc. (for itself and as successor by merger with Bayside Arizona Healthcare Associates, Inc., Bayside Indiana Healthcare Associates, Inc., Center Healthcare Associates, Inc., Heritage Texarkana Healthcare Associates, Inc., Pine Texarkana Healthcare Associates, Inc., Reunion Texarkana Healthcare Associates, Inc., San Augustine Healthcare Associates, Inc., South Athens Healthcare Associates, Inc., Waxahachie Healthcare Associates, Inc., and West Athens Healthcare Associates, Inc.)
Canton Health Care Land, Inc.
Carnegie Gardens LLC
CFG 2115 Woodstock Place LLC
Colonial Gardens, LLC
Colorado Lessor - Conifer, Inc.
CSE Blountville LLC
CSE Bolivar LLC
CSE Camden LLC
CSE Centennial Village
CSE Corpus North LLC
CSE Denver Iliff LLC
CSE Fairhaven LLC
CSE Huntingdon LLC
CSE Jacinto City LLC
CSE Jefferson City LLC
CSE Kerrville LLC
CSE Marianna Holdings LLC
CSE Memphis LLC
CSE Pennsylvania Holdings
CSE Ripley LLC
CSE Ripon LLC
CSE Spring Branch LLC

CSE Texarkana LLC
CSE The Village LLC
CSE West Point LLC
CSE Whitehouse LLC
CSE Williamsport LLC
Delta Investors I, LLC
Delta Investors II, LLC
Desert Lane, LLC
Dixon Health Care Center, Inc.
Encanto Senior Care, LLC
Florida Lessor - Crystal Springs, Inc.
Florida Lessor - Emerald, Inc.
Florida Lessor - Lakeland, Inc.
Florida Lessor - Meadowview, Inc.
Florida Real Estate Company, LLC
Georgia Lessor - Bonterra/Parkview, Inc.
Greenbough, LLC
Hutton I Land, Inc.
Hutton II Land, Inc.
Hutton III Land, Inc.
Indiana Lessor - Jeffersonville, Inc.
Indiana Lessor - Wellington Manor, Inc.
Jefferson Clark, Inc.
LAD I Real Estate Company, LLC
Leatherman 90-1, Inc.
Leatherman Partnership 89-1, Inc.
Leatherman Partnership 89-2, Inc.
Long Term Care - Michigan, Inc.
Long Term Care - North Carolina, Inc.
Long Term Care Associates - Illinois, Inc. . (for itself and as successor by merger with Skilled Nursing – Herrin, Inc., and Skilled Nursing – Paris, Inc.)
Long Term Care Associates - Indiana, Inc. (for itself and as successor by merger with Skilled Nursing – Gaston, Inc., and Skilled Nursing – Hicksville, Inc.)
Long Term Care Associates - Texas, Inc. (for itself and as successor by merger with Cherry Street – Skilled Nursing, Inc., Dallas – Skilled Nursing, Inc. , Lake Park – Skilled Nursing, Inc., and Parkview – Skilled Nursing, Inc.)
Meridian Arms Land, Inc.
North Las Vegas LLC
NRS Ventures, L.L.C.
OHI (Connecticut), Inc.
OHI (Florida), Inc.
OHI (Illinois), Inc.
OHI (Indiana), Inc.
OHI (Iowa), Inc.
OHI (Kansas), Inc.
OHI Asset (CA), LLC

OHI Asset (CT) Lender, LLC
OHI Asset (FL), LLC
OHI Asset (ID), LLC
OHI Asset (IN), LLC
OHI Asset (LA), LLC
OHI Asset (MI), LLC
OHI Asset (MI/NC), LLC
OHI Asset (MO), LLC
OHI Asset (OH) Lender, LLC
OHI Asset (OH) New Philadelphia, LLC
OHI Asset (OH), LLC (for itself and as successor by merger with Copley Health Center, Inc. , Hanover House, Inc., House of Hanover, Ltd , and Baldwin Health Center, Inc.)
OHI Asset (PA) Trust
OHI Asset (PA), LLC
OHI Asset (SMS) Lender, Inc.
OHI Asset (TX), LLC
OHI Asset CSE-E, LLC (for itself and as successor by merger with CSE Crane LLC)
OHI Asset CSE-U, LLC (for itself and as successor by merger with CSE Anchorage LLC)
OHI Asset Essex (OH), LLC
OHI Asset II (CA), LLC
OHI Asset II (PA) Trust
OHI Asset III (PA) Trust
OHI Asset, LLC
OHI of Texas, Inc.
OHI Sunshine, Inc.
OHI Tennessee, Inc. (formerly known as OHI of Kentucky, Inc.)
OHIMA, Inc.
Omega (Kansas), Inc.
Omega TRS I, Inc.
Orange Village Care Center, Inc.
OS Leasing Company
Panama City Nursing Center LLC
Pavillion North Partners, Inc.
Pavillion North, LLP
Pavillion Nursing Center North, Inc.
Skyler Maitland LLC
St. Mary's Properties, Inc.
Sterling Acquisition Corp.
Sterling Acquisition Corp. II
Suwanee, LLC
Texas Lessor - Stonegate GP, Inc.
Texas Lessor - Stonegate Limited, Inc.
Texas Lessor - Stonegate, L.P.
Texas Lessor - Treemont, Inc.
The Suburban Pavilion, Inc.
Washington Lessor - Silverdale, Inc.

Wilcare, LLC
OHI Asset (CO), LLC
OHI Asset (IL), LLC
OHI Asset IV (PA) Silver Lake Trust
OHI Asset II (FL), LLC
CSE Albany LLC
CSE Amarillo LLC
CSE Arden L.P.
CSE Augusta LLC
CSE Bedford LLC
CSE Cambridge LLC
CSE Cambridge Realty LLC
CSE Canton LLC
CSE Cedar Rapids LLC
CSE Chelmsford LLC
CSE Chesterton LLC
CSE Claremont LLC
CSE Denver LLC
CSE Douglas LLC
CSE Elkton LLC
CSE Elkton Realty LLC
CSE Fort Wayne LLC
CSE Frankston LLC
CSE Georgetown LLC
CSE Green Bay LLC
CSE Hilliard LLC
CSE Huntsville LLC
CSE Indianapolis-Continental LLC
CSE Indianapolis-Greenbriar LLC
CSE Jefferson-Hillcrest Center LLC
CSE Jefferson-Jennings House LLC
CSE King L.P.
CSE Kingsport LLC
CSE Knightdale L.P.
CSE Lake City LLC
CSE Lake Worth LLC
CSE Lakewood LLC
CSE Las Vegas LLC
CSE Lawrenceburg LLC
CSE Lenoir L.P.
CSE Lexington Park LLC
CSE Lexington Park Realty LLC
CSE Ligonier LLC
CSE Live Oak LLC
CSE Lowell LLC
CSE Mobile LLC

CSE Moore LLC
CSE North Carolina Holdings I LLC
CSE North Carolina Holdings II LLC
CSE Omro LLC
CSE Orange Park LLC
CSE Orlando-Pinar Terrace Manor LLC
CSE Orlando-Terra Vista Rehab LLC
CSE Piggott LLC
CSE Pilot Point LLC
CSE Ponca City LLC
CSE Port St. Lucie LLC
CSE Richmond LLC
CSE Safford LLC
CSE Salina LLC
CSE Seminole LLC
CSE Shawnee LLC
CSE Stillwater LLC
CSE Taylorsville LLC
CSE Texas City LLC
CSE Upland LLC
CSE Walnut Cove L.P.
CSE Winter Haven LLC
CSE Woodfin L.P.
CSE Yorktown LLC
CSE Casablanca Holdings LLC
CSE Casablanca Holdings II LLC (for itself and as successor by merger with CSE Dumas LLC, and CSE Logansport LLC)
OHI Asset CSB LLC
OHI Asset (FL) Lender, LLC
OHI Asset (MD), LLC
OHI Asset HUD CFG, LLC
OHI Asset HUD WO, LLC
OHI Asset HUD SF, LLC
OHI Asset (IN) Greensburg, LLC
OHI Asset (IN) Indianapolis, LLC
OHI Asset (IN) Wabash, LLC
OHI Asset (IN) Westfield, LLC
OHI Asset (IN) American Village, LLC
OHI Asset (IN) Beech Grove, LLC
OHI Asset (IN) Eagle Valley, LLC
OHI Asset (IN) Anderson, LLC
OHI Asset (IN) Forest Creek, LLC
OHI Asset (IN) Franklin, LLC
OHI Asset (IN) Fort Wayne, LLC
OHI Asset (IN) Monticello, LLC
OHI Asset (IN) Kokomo, LLC

OHI Asset (IN) Elkhart, LLC
OHI Asset (IN) Clarksville, LLC
OHI Asset (IN) Noblesville, LLC
OHI Asset (IN) Rosewalk, LLC
OHI Asset (IN) Lafayette, LLC
OHI Asset (IN) Spring Mill, LLC
OHI Asset (IN) Terre Haute, LLC
OHI Asset (IN) Zionsville, LLC
OHI Asset (TX) Hondo, LLC
OHI Asset HUD SF CA, LLC
OHI Asset (MI) Heather Hills, LLC
OHI Asset (IN) Crown Point, LLC
OHI Asset (IN) Madison, LLC
OHI Asset HUD Delta, LLC
CSE Pine View LLC
Dixie White House Nursing Home, Inc.
Ocean Springs Nursing Home, Inc.
Pensacola Real Estate Holdings I, Inc.
Pensacola Real Estate Holdings II, Inc.
Pensacola Real Estate Holdings III, Inc.
Pensacola Real Estate Holdings IV, Inc.
Pensacola Real Estate Holdings V, Inc.
Skyler Boyington, Inc.
Skyler Florida, Inc.
Skyler Pensacola, Inc.
OHI Asset (AR) Ash Flat, LLC
OHI Asset (AR) Camden, LLC
OHI Asset (AR) Conway, LLC
OHI Asset (AR) Des Arc, LLC
OHI Asset (AR) Hot Springs, LLC
OHI Asset (AR) Mena, LLC
OHI Asset (AR) Malvern, LLC
OHI Asset (AR) Pocahontas, LLC
OHI Asset (AR) Sheridan, LLC
OHI Asset (AR) Walnut Ridge, LLC
OHI Asset (FL) Lake Placid, LLC
OHI Asset RO, LLC

Note: The following former Subsidiary Guarantors have merged with and into the Issuer (with the Issuer being the surviving entity), as a result of which, pursuant to Section 10.04 of the Indenture, they have ceased to be Subsidiary Guarantors:

OHI Asset (IN), LLC
OHI Asset (MI/NC), LLC
OHI Asset (OH) New Philadelphia, LLC

OHI Asset Essex (OH), LLC
OHI (Florida), Inc.
OHI Sunshine, Inc.
Long Term Care Associates – Illinois, Inc. (for itself and as successor by merger with Skilled Nursing – Herrin, Inc., and Skilled Nursing – Paris, Inc.)
Long Term Care Associates – Indiana, Inc.. (for itself and as successor by merger with Skilled Nursing – Gaston, Inc., and Skilled Nursing – Hicksville, Inc.)
OHI (Kansas), Inc.
Omega (Kansas), Inc.
OS Leasing Company
Sterling Acquisition Corp. II
Florida Lessor – Crystal Springs, Inc.
Florida Lessor – Emerald, Inc.
Florida Lessor – Lakeland, Inc.
Indiana Lessor – Jeffersonville, Inc.
Jefferson Clark, Inc.
OHI Asset (SMS) Lender, Inc.
OHI of Texas, Inc.
Texas Lessor – Treemont, Inc.
Long Term Care – Michigan, Inc.
Long Term Care – North Carolina, Inc.
Long Term Care Associates – Texas, Inc. (for itself and as successor by merger with Cherry Street – Skilled Nursing, Inc., Dallas – Skilled Nursing, Inc., Lake Park – Skilled Nursing, Inc., and Parkview – Skilled Nursing, Inc.)

Schedule II

NEW SUBSIDIARIES

OHI Asset (GA) Moultrie, LLC
OHI Asset (GA) Snellville, LLC
OHI Asset (ID) Holly, LLC
OHI Asset (ID) Midland, LLC
OHI Asset (IN) Connersville, LLC
OHI Asset (MS) Byhalia, LLC
OHI Asset (MS) Cleveland, LLC
OHI Asset (MS) Clinton, LLC
OHI Asset (MS) Columbia, LLC
OHI Asset (MS) Corinth, LLC
OHI Asset (MS) Greenwood, LLC
OHI Asset (MS) Grenada, LLC
OHI Asset (MS) Holly Springs, LLC
OHI Asset (MS) Indianola, LLC
OHI Asset (MS) Natchez, LLC
OHI Asset (MS) Picayune, LLC
OHI Asset (MS) Vicksburg, LLC
OHI Asset (MS) Yazoo City, LLC
OHI Asset (NC) Wadesboro, LLC
OHI Asset (OR) Portland, LLC
OHI Asset (SC) Aiken, LLC
OHI Asset (SC) Anderson, LLC
OHI Asset (SC) Easley Anne, LLC
OHI Asset (SC) Easley Crestview, LLC
OHI Asset (SC) Edgefield, LLC
OHI Asset (SC) Greenville Griffith, LLC
OHI Asset (SC) Greenville Laurens, LLC
OHI Asset (SC) Greenville North, LLC
OHI Asset (SC) Greer, LLC
OHI Asset (SC) Marietta, LLC
OHI Asset (SC) McCormick, LLC
OHI Asset (SC) Pickens East Cedar, LLC
OHI Asset (SC) Pickens Rosemond, LLC
OHI Asset (SC) Piedmont, LLC
OHI Asset (SC) Simpsonville SE Main, LLC
OHI Asset (SC) Simpsonville West Broad, LLC
OHI Asset (SC) Simpsonville West Curtis, LLC
OHI Asset (TN) Bartlett, LLC
OHI Asset (TN) Collierville, LLC
OHI Asset (TN) Memphis, LLC
OHI Asset (TX) Anderson, LLC

OHI Asset (TX) Bryan, LLC
OHI Asset (TX) Burleson, LLC
OHI Asset (TX) College Station, LLC
OHI Asset (TX) Comfort, LLC
OHI Asset (TX) Diboll, LLC
OHI Asset (TX) Granbury, LLC
OHI Asset (TX) Italy, LLC
OHI Asset (TX) Winnsboro, LLC
OHI Asset (UT) Ogden, LLC
OHI Asset (UT) Provo, LLC
OHI Asset (UT) Roy, LLC
OHI Asset (VA) Charlottesville, LLC
OHI Asset (VA) Farmville, LLC
OHI Asset (VA) Hillsville, LLC
OHI Asset (VA) Rocky Mount, LLC
OHI Asset (WA) Battle Ground, LLC
OHI Asset (IN) Clinton, LLC
OHI Asset (IN) Jasper, LLC
OHI Asset (IN) Salem, LLC
OHI Asset (IN) Seymour, LLC
OHI Asset RO PMM Services, LLC
OHI Asset (AZ) Austin House, LLC

Exhibit 4.1B

TWELFTH SUPPLEMENTAL INDENTURE
(Senior Notes due 2020)

THIS TWELFTH SUPPLEMENTAL INDENTURE (this "Twelfth Supplemental Indenture") is dated as of June 27, 2014, among OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation (the "Issuer"), each of the SUBSIDIARY GUARANTORS listed on Schedule I hereto (collectively, the " Subsidiary Guarantors"), each of the companies listed on Schedule II hereto (collectively, the " New Subsidiaries"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Issuer and the Subsidiary Guarantors have heretofore executed and delivered to the Trustee an Indenture, dated as of February 9, 2010 (as supplemented by that First Supplemental Indenture, dated June 23, 2010, that Second Supplemental Indenture, dated as of September 2, 2010, that Third Supplemental Indenture, dated as of January 13, 2011, that Fourth Supplemental Indenture, dated as of June 10, 2011, that Fifth Supplemental Indenture, dated as of July 2, 2012, that Sixth Supplemental Indenture, dated as of August 9, 2012, that Seventh Supplemental Indenture, dated as of September 24, 2012, that Eighth Supplemental Indenture, effective as of December 31, 2012, that Ninth Supplemental Indenture, dated as of August 1, 2013, that Tenth Supplemental Indenture, dated as of October 23, 2013 and that Eleventh Supplemental Indenture, dated as of February 14, 2014, the "Indenture"), providing for the issuance of the Issuer's 7-1/2% Senior Notes due 2020 (the "Notes");

WHEREAS, Section 9.01 of the Indenture authorizes the Issuer, the Subsidiary Guarantors and the Trustee, together, to amend or supplement the Indenture, without notice to or consent of any Holder of the Notes, for the purpose of making any change that would not materially adversely affect the rights of any Holder of the Notes;

WHEREAS, the Issuer has created the New Subsidiaries, which are required to become Subsidiary Guarantors pursuant to Section 4.14 of the Indenture;

WHEREAS, in Section 1.01 of the Indenture, the term "Subsidiary Guarantors" is defined to include all Persons that become a Subsidiary Guarantor by the terms of the Indenture after the Closing Date; and

WHEREAS, Section 10.01 of the Indenture provides that each Subsidiary Guarantor shall be a guarantor of the Issuer's obligations under the Notes, subject to the terms and conditions described in the Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Subsidiary Guarantors, the New Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AMENDMENT TO GUARANTEE. The New Subsidiaries hereby agree, jointly and severally with all other Subsidiary Guarantors, to guarantee the Issuer's obligations under the Notes on the terms and subject to the conditions set forth in the Indenture, and to be bound by, and to receive the benefit of, all other applicable provisions of the Indenture as Subsidiary Guarantors. Such guarantee shall be evidenced by the New Subsidiaries' execution of Subsidiary Guarantees, the form of which is attached as Exhibit E to the Indenture, and shall be effective as of the date hereof.

3. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, partner, affiliate, beneficiary or stockholder of the New Subsidiaries, as such, shall have any liability for any obligations of the Issuer or any Subsidiary Guarantor under the Notes, any Guarantees, the Indenture or this Twelfth Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes, by accepting and holding a Note, waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

4. NEW YORK LAW TO GOVERN. The laws of the State of New York shall govern and be used to construe this Twelfth Supplemental Indenture.

5. COUNTERPARTS. The parties may sign any number of copies of this Twelfth Supplemental Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Twelfth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuer, the Subsidiary Guarantors and the New Subsidiaries.

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IN WITNESS WHEREOF, the parties hereto have caused this Twelfth Supplemental Indenture to be duly executed, all as of the date first above written.

OMEGA HEALTHCARE INVESTORS, INC.

By: /s/ Robert O. Stephenson
Name: Robert O. Stephenson
Title: Chief Financial Officer and Treasurer

On behalf of each Subsidiary Guarantor, its sole member, general partner or trustee, named on the attached Schedule I

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

On behalf of each of the New Subsidiaries or its sole member, named on the attached Schedule II

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Dave Ferrell
Name: Dave Ferrell
Title: Vice President

Schedule I

SUBSIDIARY GUARANTORS

Encanto Senior Care, LLC
13922 Cerise Avenue, LLC
245 East Wilshire Avenue, LLC
3806 Clayton Road, LLC
523 Hayes Lane, LLC
637 East Romie Lane, LLC
2425 Teller Avenue, LLC
Bayside Colorado Healthcare Associates, Inc.
OHI (Connecticut), Inc.
Bayside Street II, Inc.
Carnegie Gardens LLC
CFG 2115 Woodstock Place LLC
CSE Albany LLC
CSE Amarillo LLC
CSE Arden L.P.
CSE Augusta LLC
CSE Bedford LLC
CSE Blountville LLC
CSE Bolivar LLC
CSE Cambridge LLC
CSE Cambridge Realty LLC
CSE Camden LLC
CSE Canton LLC
CSE Casablanca Holdings II LLC
CSE Casablanca Holdings LLC
CSE Cedar Rapids LLC
CSE Centennial Village
CSE Chelmsford LLC
CSE Chesterton LLC
CSE Claremont LLC
CSE Corpus North LLC
CSE Denver Iliff LLC
CSE Denver LLC
CSE Douglas LLC
CSE Elkton LLC
CSE Elkton Realty LLC
CSE Fairhaven LLC
CSE Fort Wayne LLC
CSE Frankston LLC
CSE Georgetown LLC
CSE Green Bay LLC
CSE Hilliard LLC

CSE Huntingdon LLC
CSE Huntsville LLC
CSE Indianapolis-Continental LLC
CSE Indianapolis-Greenbriar LLC
CSE Jacinto City LLC
CSE Jefferson City LLC
CSE Jeffersonville-Hillcrest Center LLC
CSE Jeffersonville-Jennings House LLC
CSE Kerrville LLC
CSE King L.P.
CSE Kingsport LLC
CSE Knightdale L.P.
CSE Lake City LLC
CSE Lake Worth LLC
CSE Lakewood LLC
CSE Las Vegas LLC
CSE Lawrenceburg LLC
CSE Lenoir L.P.
CSE Lexington Park LLC
CSE Lexington Park Realty LLC
CSE Ligonier LLC
CSE Live Oak LLC
CSE Lowell LLC
CSE Marianna Holdings LLC
CSE Memphis LLC
CSE Mobile LLC
CSE Moore LLC
CSE North Carolina Holdings I LLC
CSE North Carolina Holdings II LLC
CSE Omro LLC
CSE Orange Park LLC
CSE Orlando-Pinar Terrace Manor LLC
CSE Orlando-Terra Vista Rehab LLC
CSE Pennsylvania Holdings
CSE Piggott LLC
CSE Pilot Point LLC
CSE Pine View LLC
CSE Ponca City LLC
CSE Port St. Lucie LLC
CSE Richmond LLC
CSE Ripley LLC
CSE Ripon LLC
CSE Safford LLC
CSE Salina LLC
CSE Seminole LLC
CSE Shawnee LLC

CSE Spring Branch LLC
CSE Stillwater LLC
CSE Taylorsville LLC
CSE Texarkana LLC
CSE Texas City LLC
CSE The Village LLC
CSE Upland LLC
CSE Walnut Cove L.P.
CSE West Point LLC
CSE Whitehouse LLC
CSE Williamsport LLC
CSE Winter Haven LLC
CSE Woodfin L.P.
CSE Yorktown LLC
Desert Lane LLC
Greenbough, LLC
LAD I Real Estate Company, LLC
North Las Vegas LLC
NRS Ventures, L.L.C.
OHI Asset (AR) Ash Flat, LLC
OHI Asset (AR) Camden, LLC
OHI Asset (AR) Conway, LLC
OHI Asset (AR) Des Arc, LLC
OHI Asset (AR) Hot Springs, LLC
OHI Asset (AR) Malvern, LLC
OHI Asset (AR) Mena, LLC
OHI Asset (AR) Pocahontas, LLC
OHI Asset (AR) Sheridan, LLC
OHI Asset (AR) Walnut Ridge, LLC
OHI Asset (AZ) Austin House, LLC
OHI Asset (CA), LLC
OHI Asset (CO), LLC
OHI Asset (CT) Lender, LLC
OHI Asset (FL) Lake Placid, LLC
OHI Asset (FL) Lender, LLC
OHI Asset (FL), LLC
OHI Asset (GA) Moultrie, LLC
OHI Asset (GA) Snellville, LLC
OHI Asset (ID) Holly, LLC
OHI Asset (ID) Midland, LLC
OHI Asset (ID), LLC
OHI Asset (IL), LLC
OHI Asset (IN) American Village, LLC
OHI Asset (IN) Anderson, LLC
OHI Asset (IN) Beech Grove, LLC
OHI Asset (IN) Clarksville, LLC

OHI Asset (IN) Clinton, LLC
OHI Asset (IN) Connersville, LLC
OHI Asset (IN) Crown Point, LLC
OHI Asset (IN) Eagle Valley, LLC
OHI Asset (IN) Elkhart, LLC
OHI Asset (IN) Forest Creek, LLC
OHI Asset (IN) Fort Wayne, LLC
OHI Asset (IN) Franklin, LLC
OHI Asset (IN) Greensburg, LLC
OHI Asset (IN) Indianapolis, LLC
OHI Asset (IN) Jasper, LLC
OHI Asset (IN) Kokomo, LLC
OHI Asset (IN) Lafayette, LLC
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OHI Asset (IN) Noblesville, LLC
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OHI Asset (IN) Terre Haute, LLC
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OHI Asset (IN) Westfield, LLC
OHI Asset (IN) Zionsville, LLC
OHI Asset (LA), LLC
OHI Asset (MD), LLC
OHI Asset (MI) Heather Hills, LLC
OHI Asset (MI), LLC
OHI Asset (MO), LLC
OHI Asset (MS) Byhalia, LLC
OHI Asset (MS) Cleveland, LLC
OHI Asset (MS) Clinton, LLC
OHI Asset (MS) Columbia, LLC
OHI Asset (MS) Corinth, LLC
OHI Asset (MS) Greenwood, LLC
OHI Asset (MS) Grenada, LLC
OHI Asset (MS) Holly Springs, LLC
OHI Asset (MS) Indianola, LLC
OHI Asset (MS) Natchez, LLC
OHI Asset (MS) Picayune, LLC
OHI Asset (MS) Vicksburg, LLC
OHI Asset (MS) Yazoo City, LLC
OHI Asset (NC) Wadesboro, LLC
OHI Asset (OH) Lender, LLC
OHI Asset (OH), LLC
OHI Asset (OR) Portland, LLC

OHI Asset (PA), LLC
OHI Asset (SC) Aiken, LLC
OHI Asset (SC) Anderson, LLC
OHI Asset (SC) Easley Anne, LLC
OHI Asset (SC) Easley Crestview, LLC
OHI Asset (SC) Edgefield, LLC
OHI Asset (SC) Greenville Griffith, LLC
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OHI Asset (SC) Greenville North, LLC
OHI Asset (SC) Greer, LLC
OHI Asset (SC) Marietta, LLC
OHI Asset (SC) McCormick, LLC
OHI Asset (SC) Pickens East Cedar, LLC
OHI Asset (SC) Pickens Rosemond, LLC
OHI Asset (SC) Piedmont, LLC
OHI Asset (SC) Simpsonville SE Main, LLC
OHI Asset (SC) Simpsonville West Broad, LLC
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OHI Asset (TN) Bartlett, LLC
OHI Asset (TN) Collierville, LLC
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OHI Asset (TX) Anderson, LLC
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OHI Asset (TX) Comfort, LLC
OHI Asset (TX) Diboll, LLC
OHI Asset (TX) Granbury, LLC
OHI Asset (TX) Hondo, LLC
OHI Asset (TX) Italy, LLC
OHI Asset (TX) Winnsboro, LLC
OHI Asset (TX), LLC
OHI Asset (UT) Ogden, LLC
OHI Asset (UT) Provo, LLC
OHI Asset (UT) Roy, LLC
OHI Asset (VA) Charlottesville, LLC
OHI Asset (VA) Farmville, LLC
OHI Asset (VA) Hillsville, LLC
OHI Asset (VA) Rocky Mount, LLC
OHI Asset (WA) Battle Ground, LLC
OHI Asset CSB LLC
OHI Asset CSE – E, LLC
OHI Asset CSE – U, LLC
OHI Asset HUD CFG, LLC
OHI Asset HUD Delta, LLC
OHI Asset HUD SF CA, LLC

OHI Asset HUD SF, LLC
OHI Asset HUD WO, LLC
OHI Asset II (CA), LLC
OHI Asset II (FL), LLC
OHI Asset RO PMM Services, LLC
OHI Asset RO, LLC
OHI Asset, LLC
Panama City Nursing Center LLC
Skyler Maitland LLC
Suwanee, LLC
Florida Real Estate Company, LLC
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Pensacola Real Estate Holdings II, Inc.
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Pensacola Real Estate Holdings IV, Inc.
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OHI (Indiana), Inc.
OHI (Iowa), Inc.
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Delta Investors II, LLC
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Georgia Lessor - Bonterra/Parkview, Inc.
Indiana Lessor – Wellington Manor, Inc.
OHI Asset (PA) Trust
OHI Asset II (PA) Trust
OHI Asset III (PA) Trust
OHI Asset IV (PA) Silver Lake Trust
OHI Tennessee, Inc.
Omega TRS I, Inc.
Texas Lessor – Stonegate GP, Inc.
Texas Lessor – Stonegate, Limited, Inc.
Texas Lessor – Stonegate, LP
Washington Lessor – Silverdale, Inc.
OHIMA, Inc.
1200 Ely Street Holdings Co. LLC
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Dixie White House Nursing Home, Inc.
Ocean Springs Nursing Home, Inc.
Skyler Boyington, Inc.

Skyler Florida, Inc.
Canton Health Care Land, Inc.
Colonial Gardens, LLC
Dixon Health Care Center, Inc.
Hutton I Land, Inc.
Hutton II Land, Inc.
Hutton III Land, Inc.
Leatherman 90-1, Inc.
Leatherman Partnership 89-1, Inc.
Leatherman Partnership 89-2, Inc.
Meridian Arms Land, Inc.
Orange Village Care Center, Inc.
St. Mary's Properties, Inc.
The Suburban Pavilion, Inc.
Wilcare, LLC
Pavillion North Partners, Inc.
Pavillion North, LLP
Pavillion Nursing Center North, Inc.

Schedule II

NEW SUBSIDIARIES

OHI Asset (GA) Macon, LLC
OHI Asset (SC) Greenville, LLC
OHI Asset (SC) Orangeburg, LLC
OHI Asset (WV) Danville, LLC
OHI Asset (WV) Ivydale, LLC
OHI Mezz Lender, LLC

Exhibit 4.2A

NINTH SUPPLEMENTAL INDENTURE
(Senior Notes due 2022)

THIS NINTH SUPPLEMENTAL INDENTURE (this "Ninth Supplemental Indenture") is dated as of February 14, 2014, among OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation (the "Issuer"), each of the SUBSIDIARY GUARANTORS listed on Schedule I hereto (collectively, the " Subsidiary Guarantors"), each of the companies listed on Schedule II hereto (collectively, the " New Subsidiaries"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Issuer and the Subsidiary Guarantors have heretofore executed and delivered to the Trustee an Indenture, dated as of October 4, 2010 (as supplemented by that First Supplemental Indenture, dated as of January 13, 2011, that Second Supplemental Indenture, dated as of June 10, 2011, that Third Supplemental Indenture, dated as of July 2, 2012, that Fourth Supplemental Indenture, dated as of August 9, 2012, that Fifth Supplemental Indenture, dated as of September 24, 2012, that Sixth Supplemental Indenture, effective as of December 31, 2012, that Seventh Supplemental Indenture, dated as of August 1, 2013, and that Eighth Supplemental Indenture dated as of October 23, 2013, the "Indenture"), providing for the issuance of the Issuer's 6-3/4% Senior Notes due 2022 (the "Notes");

WHEREAS, Section 9.01 of the Indenture authorizes the Issuer, the Subsidiary Guarantors and the Trustee, together, to amend or supplement the Indenture, without notice to or consent of any Holder of the Notes, for the purpose of making any change that would not materially adversely affect the rights of any Holder of the Notes;

WHEREAS, the Issuer has created the New Subsidiaries, which are required to become Subsidiary Guarantors pursuant to Section 4.14 of the Indenture;

WHEREAS, in Section 1.01 of the Indenture, the term "Subsidiary Guarantors" is defined to include all Persons that become a Subsidiary Guarantor by the terms of the Indenture after the Closing Date; and

WHEREAS, Section 10.01 of the Indenture provides that each Subsidiary Guarantor shall be a guarantor of the Issuer's obligations under the Notes, subject to the terms and conditions described in the Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Subsidiary Guarantors, the New Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AMENDMENT TO GUARANTEE. The New Subsidiaries hereby agree, jointly and severally with all other Subsidiary Guarantors, to guarantee the Issuer's obligations under the Notes on the terms and subject to the conditions set forth in the Indenture, and to be bound by, and to receive the benefit of, all other applicable provisions of the Indenture as Subsidiary Guarantors. Such guarantee shall be evidenced by the New Subsidiaries' execution of Subsidiary Guarantees, the form of which is attached as Exhibit E to the Indenture, and shall be effective as of the date hereof.

3. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, partner, affiliate, beneficiary or stockholder of the New Subsidiaries, as such, shall have any liability for any obligations of the Issuer or any Subsidiary Guarantor under the Notes, any Guarantees, the Indenture or this Ninth Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes, by accepting and holding a Note, waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

4. NEW YORK LAW TO GOVERN. The laws of the State of New York shall govern and be used to construe this Ninth Supplemental Indenture.

5. COUNTERPARTS. The parties may sign any number of copies of this Ninth Supplemental Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Ninth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuer, the Subsidiary Guarantors and the New Subsidiaries.

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IN WITNESS WHEREOF, the parties hereto have caused this Ninth Supplemental Indenture to be duly executed, all as of the date first above written.

OMEGA HEALTHCARE INVESTORS, INC.

By: /s/ Robert O. Stephenson
Name: Robert O. Stephenson
Title: Chief Financial Officer and Treasurer

On behalf of each Subsidiary Guarantor, its sole member, general partner or trustee, named on the attached Schedule I

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

On behalf of each of the New Subsidiaries or its sole member, named on the attached Schedule II

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Dave Ferrell
Name: Dave Ferrell
Title: Vice President

Schedule I

SUBSIDIARY GUARANTORS

13922 Cerise Avenue, LLC
245 East Wilshire Avenue, LLC
3806 Clayton Road, LLC
637 East Romie Lane, LLC
523 Hayes Lane, LLC
1200 Ely Street Holdings Co. LLC
42235 County Road Holdings Co. LLC
2425 Teller Avenue, LLC
48 High Point Road, LLC
Arizona Lessor - Infinia, Inc.
Bayside Colorado Healthcare Associates, Inc.
Bayside Street II, Inc. (for itself and as successor by merger with Bayside Alabama Healthcare Second, Inc., Bayside Arizona Healthcare Second, Inc., and Bayside Colorado Healthcare Second, Inc.)
Bayside Street, Inc. (for itself and as successor by merger with Bayside Arizona Healthcare Associates, Inc., Bayside Indiana Healthcare Associates, Inc., Center Healthcare Associates, Inc., Heritage Texarkana Healthcare Associates, Inc., Pine Texarkana Healthcare Associates, Inc., Reunion Texarkana Healthcare Associates, Inc., San Augustine Healthcare Associates, Inc., South Athens Healthcare Associates, Inc., Waxahachie Healthcare Associates, Inc., and West Athens Healthcare Associates, Inc.)
Canton Health Care Land, Inc.
Carnegie Gardens LLC
CFG 2115 Woodstock Place LLC
Colonial Gardens, LLC
Colorado Lessor - Conifer, Inc.
CSE Blountville LLC
CSE Bolivar LLC
CSE Camden LLC
CSE Centennial Village
CSE Corpus North LLC
CSE Denver Iliff LLC
CSE Fairhaven LLC
CSE Huntingdon LLC
CSE Jacinto City LLC
CSE Jefferson City LLC
CSE Kerrville LLC
CSE Marianna Holdings LLC
CSE Memphis LLC
CSE Pennsylvania Holdings
CSE Ripley LLC
CSE Ripon LLC
CSE Spring Branch LLC

CSE Texarkana LLC
CSE The Village LLC
CSE West Point LLC
CSE Whitehouse LLC
CSE Williamsport LLC
Delta Investors I, LLC
Delta Investors II, LLC
Desert Lane, LLC
Dixon Health Care Center, Inc.
Encanto Senior Care, LLC
Florida Lessor - Crystal Springs, Inc.
Florida Lessor - Emerald, Inc.
Florida Lessor - Lakeland, Inc.
Florida Lessor - Meadowview, Inc.
Florida Real Estate Company, LLC
Georgia Lessor - Bonterra/Parkview, Inc.
Greenbough, LLC
Hutton I Land, Inc.
Hutton II Land, Inc.
Hutton III Land, Inc.
Indiana Lessor - Jeffersonville, Inc.
Indiana Lessor - Wellington Manor, Inc.
Jefferson Clark, Inc.
LAD I Real Estate Company, LLC
Leatherman 90-1, Inc.
Leatherman Partnership 89-1, Inc.
Leatherman Partnership 89-2, Inc.
Long Term Care - Michigan, Inc.
Long Term Care - North Carolina, Inc.
Long Term Care Associates - Illinois, Inc. . (for itself and as successor by merger with Skilled Nursing – Herrin, Inc., and Skilled Nursing – Paris, Inc.)
Long Term Care Associates - Indiana, Inc. (for itself and as successor by merger with Skilled Nursing – Gaston, Inc., and Skilled Nursing – Hicksville, Inc.)
Long Term Care Associates - Texas, Inc. (for itself and as successor by merger with Cherry Street – Skilled Nursing, Inc., Dallas – Skilled Nursing, Inc. , Lake Park – Skilled Nursing, Inc., and Parkview – Skilled Nursing, Inc.)
Meridian Arms Land, Inc.
North Las Vegas LLC
NRS Ventures, L.L.C.
OHI (Connecticut), Inc.
OHI (Florida), Inc.
OHI (Illinois), Inc.
OHI (Indiana), Inc.
OHI (Iowa), Inc.
OHI (Kansas), Inc.
OHI Asset (CA), LLC

OHI Asset (CT) Lender, LLC
OHI Asset (FL), LLC
OHI Asset (ID), LLC
OHI Asset (IN), LLC
OHI Asset (LA), LLC
OHI Asset (MI), LLC
OHI Asset (MI/NC), LLC
OHI Asset (MO), LLC
OHI Asset (OH) Lender, LLC
OHI Asset (OH) New Philadelphia, LLC
OHI Asset (OH), LLC (for itself and as successor by merger with Copley Health Center, Inc. , Hanover House, Inc., House of Hanover, Ltd , and Baldwin Health Center, Inc.)
OHI Asset (PA) Trust
OHI Asset (PA), LLC
OHI Asset (SMS) Lender, Inc.
OHI Asset (TX), LLC
OHI Asset CSE-E, LLC (for itself and as successor by merger with CSE Crane LLC)
OHI Asset CSE-U, LLC (for itself and as successor by merger with CSE Anchorage LLC)
OHI Asset Essex (OH), LLC
OHI Asset II (CA), LLC
OHI Asset II (PA) Trust
OHI Asset III (PA) Trust
OHI Asset, LLC
OHI of Texas, Inc.
OHI Sunshine, Inc.
OHI Tennessee, Inc. (formerly known as OHI of Kentucky, Inc.)
OHIMA, Inc.
Omega (Kansas), Inc.
Omega TRS I, Inc.
Orange Village Care Center, Inc.
OS Leasing Company
Panama City Nursing Center LLC
Pavillion North Partners, Inc.
Pavillion North, LLP
Pavillion Nursing Center North, Inc.
Skyler Maitland LLC
St. Mary's Properties, Inc.
Sterling Acquisition Corp.
Sterling Acquisition Corp. II
Suwanee, LLC
Texas Lessor - Stonegate GP, Inc.
Texas Lessor - Stonegate Limited, Inc.
Texas Lessor - Stonegate, L.P.
Texas Lessor - Treemont, Inc.
The Suburban Pavilion, Inc.
Washington Lessor - Silverdale, Inc.

Wilcare, LLC
OHI Asset (CO), LLC
OHI Asset (IL), LLC
OHI Asset IV (PA) Silver Lake Trust
OHI Asset II (FL), LLC
CSE Albany LLC
CSE Amarillo LLC
CSE Arden L.P.
CSE Augusta LLC
CSE Bedford LLC
CSE Cambridge LLC
CSE Cambridge Realty LLC
CSE Canton LLC
CSE Cedar Rapids LLC
CSE Chelmsford LLC
CSE Chesterton LLC
CSE Claremont LLC
CSE Denver LLC
CSE Douglas LLC
CSE Elkton LLC
CSE Elkton Realty LLC
CSE Fort Wayne LLC
CSE Frankston LLC
CSE Georgetown LLC
CSE Green Bay LLC
CSE Hilliard LLC
CSE Huntsville LLC
CSE Indianapolis-Continental LLC
CSE Indianapolis-Greenbriar LLC
CSE Jefferson-Hillcrest Center LLC
CSE Jefferson-Jennings House LLC
CSE King L.P.
CSE Kingsport LLC
CSE Knightdale L.P.
CSE Lake City LLC
CSE Lake Worth LLC
CSE Lakewood LLC
CSE Las Vegas LLC
CSE Lawrenceburg LLC
CSE Lenoir L.P.
CSE Lexington Park LLC
CSE Lexington Park Realty LLC
CSE Ligonier LLC
CSE Live Oak LLC
CSE Lowell LLC
CSE Mobile LLC

CSE Moore LLC
CSE North Carolina Holdings I LLC
CSE North Carolina Holdings II LLC
CSE Omro LLC
CSE Orange Park LLC
CSE Orlando-Pinar Terrace Manor LLC
CSE Orlando-Terra Vista Rehab LLC
CSE Piggott LLC
CSE Pilot Point LLC
CSE Ponca City LLC
CSE Port St. Lucie LLC
CSE Richmond LLC
CSE Safford LLC
CSE Salina LLC
CSE Seminole LLC
CSE Shawnee LLC
CSE Stillwater LLC
CSE Taylorsville LLC
CSE Texas City LLC
CSE Upland LLC
CSE Walnut Cove L.P.
CSE Winter Haven LLC
CSE Woodfin L.P.
CSE Yorktown LLC
CSE Casablanca Holdings LLC
CSE Casablanca Holdings II LLC (for itself and as successor by merger with CSE Dumas LLC, and CSE Logansport LLC)
OHI Asset CSB LLC
OHI Asset (FL) Lender, LLC
OHI Asset (MD), LLC
OHI Asset HUD CFG, LLC
OHI Asset HUD WO, LLC
OHI Asset HUD SF, LLC
OHI Asset (IN) Greensburg, LLC
OHI Asset (IN) Indianapolis, LLC
OHI Asset (IN) Wabash, LLC
OHI Asset (IN) Westfield, LLC
OHI Asset (IN) American Village, LLC
OHI Asset (IN) Beech Grove, LLC
OHI Asset (IN) Eagle Valley, LLC
OHI Asset (IN) Anderson, LLC
OHI Asset (IN) Forest Creek, LLC
OHI Asset (IN) Franklin, LLC
OHI Asset (IN) Fort Wayne, LLC
OHI Asset (IN) Monticello, LLC
OHI Asset (IN) Kokomo, LLC

OHI Asset (IN) Elkhart, LLC
OHI Asset (IN) Clarksville, LLC
OHI Asset (IN) Noblesville, LLC
OHI Asset (IN) Rosewalk, LLC
OHI Asset (IN) Lafayette, LLC
OHI Asset (IN) Spring Mill, LLC
OHI Asset (IN) Terre Haute, LLC
OHI Asset (IN) Zionsville, LLC
OHI Asset (TX) Hondo, LLC
OHI Asset HUD SF CA, LLC
OHI Asset (MI) Heather Hills, LLC
OHI Asset (IN) Crown Point, LLC
OHI Asset (IN) Madison, LLC
OHI Asset HUD Delta, LLC
CSE Pine View LLC
Dixie White House Nursing Home, Inc.
Ocean Springs Nursing Home, Inc.
Pensacola Real Estate Holdings I, Inc.
Pensacola Real Estate Holdings II, Inc.
Pensacola Real Estate Holdings III, Inc.
Pensacola Real Estate Holdings IV, Inc.
Pensacola Real Estate Holdings V, Inc.
Skyler Boyington, Inc.
Skyler Florida, Inc.
Skyler Pensacola, Inc.
OHI Asset (AR) Ash Flat, LLC
OHI Asset (AR) Camden, LLC
OHI Asset (AR) Conway, LLC
OHI Asset (AR) Des Arc, LLC
OHI Asset (AR) Hot Springs, LLC
OHI Asset (AR) Mena, LLC
OHI Asset (AR) Malvern, LLC
OHI Asset (AR) Pocahontas, LLC
OHI Asset (AR) Sheridan, LLC
OHI Asset (AR) Walnut Ridge, LLC
OHI Asset (FL) Lake Placid, LLC
OHI Asset RO, LLC

Note: The following former Subsidiary Guarantors have merged with and into the Issuer (with the Issuer being the surviving entity), as a result of which, pursuant to Section 10.04 of the Indenture, they have ceased to be Subsidiary Guarantors:

OHI Asset (IN), LLC
OHI Asset (MI/NC), LLC
OHI Asset (OH) New Philadelphia, LLC

OHI Asset Essex (OH), LLC
OHI (Florida), Inc.
OHI Sunshine, Inc.
Long Term Care Associates – Illinois, Inc. (for itself and as successor by merger with Skilled Nursing – Herrin, Inc., and Skilled Nursing – Paris, Inc.)
Long Term Care Associates – Indiana, Inc.. (for itself and as successor by merger with Skilled Nursing – Gaston, Inc., and Skilled Nursing – Hicksville, Inc.)
OHI (Kansas), Inc.
Omega (Kansas), Inc.
OS Leasing Company
Sterling Acquisition Corp. II
Florida Lessor – Crystal Springs, Inc.
Florida Lessor – Emerald, Inc.
Florida Lessor – Lakeland, Inc.
Indiana Lessor – Jeffersonville, Inc.
Jefferson Clark, Inc.
OHI Asset (SMS) Lender, Inc.
OHI of Texas, Inc.
Texas Lessor – Treemont, Inc.
Long Term Care – Michigan, Inc.
Long Term Care – North Carolina, Inc.
Long Term Care Associates – Texas, Inc. (for itself and as successor by merger with Cherry Street – Skilled Nursing, Inc., Dallas – Skilled Nursing, Inc., Lake Park – Skilled Nursing, Inc., and Parkview – Skilled Nursing, Inc.)

Schedule II

NEW SUBSIDIARIES

OHI Asset (GA) Moultrie, LLC
OHI Asset (GA) Snellville, LLC
OHI Asset (ID) Holly, LLC
OHI Asset (ID) Midland, LLC
OHI Asset (IN) Connersville, LLC
OHI Asset (MS) Byhalia, LLC
OHI Asset (MS) Cleveland, LLC
OHI Asset (MS) Clinton, LLC
OHI Asset (MS) Columbia, LLC
OHI Asset (MS) Corinth, LLC
OHI Asset (MS) Greenwood, LLC
OHI Asset (MS) Grenada, LLC
OHI Asset (MS) Holly Springs, LLC
OHI Asset (MS) Indianola, LLC
OHI Asset (MS) Natchez, LLC
OHI Asset (MS) Picayune, LLC
OHI Asset (MS) Vicksburg, LLC
OHI Asset (MS) Yazoo City, LLC
OHI Asset (NC) Wadesboro, LLC
OHI Asset (OR) Portland, LLC
OHI Asset (SC) Aiken, LLC
OHI Asset (SC) Anderson, LLC
OHI Asset (SC) Easley Anne, LLC
OHI Asset (SC) Easley Crestview, LLC
OHI Asset (SC) Edgefield, LLC
OHI Asset (SC) Greenville Griffith, LLC
OHI Asset (SC) Greenville Laurens, LLC
OHI Asset (SC) Greenville North, LLC
OHI Asset (SC) Greer, LLC
OHI Asset (SC) Marietta, LLC
OHI Asset (SC) McCormick, LLC
OHI Asset (SC) Pickens East Cedar, LLC
OHI Asset (SC) Pickens Rosemond, LLC
OHI Asset (SC) Piedmont, LLC
OHI Asset (SC) Simpsonville SE Main, LLC
OHI Asset (SC) Simpsonville West Broad, LLC
OHI Asset (SC) Simpsonville West Curtis, LLC
OHI Asset (TN) Bartlett, LLC
OHI Asset (TN) Collierville, LLC
OHI Asset (TN) Memphis, LLC
OHI Asset (TX) Anderson, LLC

OHI Asset (TX) Bryan, LLC
OHI Asset (TX) Burleson, LLC
OHI Asset (TX) College Station, LLC
OHI Asset (TX) Comfort, LLC
OHI Asset (TX) Diboll, LLC
OHI Asset (TX) Granbury, LLC
OHI Asset (TX) Italy, LLC
OHI Asset (TX) Winnsboro, LLC
OHI Asset (UT) Ogden, LLC
OHI Asset (UT) Provo, LLC
OHI Asset (UT) Roy, LLC
OHI Asset (VA) Charlottesville, LLC
OHI Asset (VA) Farmville, LLC
OHI Asset (VA) Hillsville, LLC
OHI Asset (VA) Rocky Mount, LLC
OHI Asset (WA) Battle Ground, LLC
OHI Asset (IN) Clinton, LLC
OHI Asset (IN) Jasper, LLC
OHI Asset (IN) Salem, LLC
OHI Asset (IN) Seymour, LLC
OHI Asset RO PMM Services, LLC
OHI Asset (AZ) Austin House, LLC

Exhibit 4.2B

TENTH SUPPLEMENTAL INDENTURE
(Senior Notes due 2022)

THIS TENTH SUPPLEMENTAL INDENTURE (this "Tenth Supplemental Indenture") is dated as of June 27, 2014, among OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation (the "Issuer"), each of the SUBSIDIARY GUARANTORS listed on Schedule I hereto (collectively, the " Subsidiary Guarantors"), each of the companies listed on Schedule II hereto (collectively, the " New Subsidiaries"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Issuer and the Subsidiary Guarantors have heretofore executed and delivered to the Trustee an Indenture, dated as of October 4, 2010 (as supplemented by that First Supplemental Indenture, dated as of January 13, 2011, that Second Supplemental Indenture, dated as of June 10, 2011, that Third Supplemental Indenture, dated as of July 2, 2012, that Fourth Supplemental Indenture, dated as of August 9, 2012, that Fifth Supplemental Indenture, dated as of September 24, 2012, that Sixth Supplemental Indenture, effective as of December 31, 2012, that Seventh Supplemental Indenture, dated as of August 1, 2013, that Eighth Supplemental Indenture dated as of October 23, 2013 and that Ninth Supplemental Indenture dated as of February 14, 2014, the "Indenture"), providing for the issuance of the Issuer's 6-3/4% Senior Notes due 2022 (the "Notes");

WHEREAS, Section 9.01 of the Indenture authorizes the Issuer, the Subsidiary Guarantors and the Trustee, together, to amend or supplement the Indenture, without notice to or consent of any Holder of the Notes, for the purpose of making any change that would not materially adversely affect the rights of any Holder of the Notes;

WHEREAS, the Issuer has created the New Subsidiaries, which are required to become Subsidiary Guarantors pursuant to Section 4.14 of the Indenture;

WHEREAS, in Section 1.01 of the Indenture, the term "Subsidiary Guarantors" is defined to include all Persons that become a Subsidiary Guarantor by the terms of the Indenture after the Closing Date; and

WHEREAS, Section 10.01 of the Indenture provides that each Subsidiary Guarantor shall be a guarantor of the Issuer's obligations under the Notes, subject to the terms and conditions described in the Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Subsidiary Guarantors, the New Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AMENDMENT TO GUARANTEE. The New Subsidiaries hereby agree, jointly and severally with all other Subsidiary Guarantors, to guarantee the Issuer's obligations under the Notes on the terms and subject to the conditions set forth in the Indenture, and to be bound by, and to receive the benefit of, all other applicable provisions of the Indenture as Subsidiary Guarantors. Such guarantee shall be evidenced by the New Subsidiaries' execution of Subsidiary Guarantees, the form of which is attached as Exhibit E to the Indenture, and shall be effective as of the date hereof.

3. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, partner, affiliate, beneficiary or stockholder of the New Subsidiaries, as such, shall have any liability for any obligations of the Issuer or any Subsidiary Guarantor under the Notes, any Guarantees, the Indenture or this Tenth Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes, by accepting and holding a Note, waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

4. NEW YORK LAW TO GOVERN. The laws of the State of New York shall govern and be used to construe this Tenth Supplemental Indenture.

5. COUNTERPARTS. The parties may sign any number of copies of this Ninth Supplemental Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Tenth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuer, the Subsidiary Guarantors and the New Subsidiaries.

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IN WITNESS WHEREOF, the parties hereto have caused this Tenth Supplemental Indenture to be duly executed, all as of the date first above written.

OMEGA HEALTHCARE INVESTORS, INC.

By: /s/ Robert O. Stephenson
Name: Robert O. Stephenson
Title: Chief Financial Officer and Treasurer

On behalf of each Subsidiary Guarantor, its sole member, general partner or trustee, named on the attached Schedule I

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

On behalf of each of the New Subsidiaries or its sole member, named on the attached Schedule II

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Dave Ferrell
Name: Dave Ferrell
Title: Vice President

Schedule I

SUBSIDIARY GUARANTORS

Encanto Senior Care, LLC
13922 Cerise Avenue, LLC
245 East Wilshire Avenue, LLC
3806 Clayton Road, LLC
523 Hayes Lane, LLC
637 East Romie Lane, LLC
2425 Teller Avenue, LLC
Bayside Colorado Healthcare Associates, Inc.
OHI (Connecticut), Inc.
Bayside Street II, Inc.
Carnegie Gardens LLC
CFG 2115 Woodstock Place LLC
CSE Albany LLC
CSE Amarillo LLC
CSE Arden L.P.
CSE Augusta LLC
CSE Bedford LLC
CSE Blountville LLC
CSE Bolivar LLC
CSE Cambridge LLC
CSE Cambridge Realty LLC
CSE Camden LLC
CSE Canton LLC
CSE Casablanca Holdings II LLC
CSE Casablanca Holdings LLC
CSE Cedar Rapids LLC
CSE Centennial Village
CSE Chelmsford LLC
CSE Chesterton LLC
CSE Claremont LLC
CSE Corpus North LLC
CSE Denver Iliff LLC
CSE Denver LLC
CSE Douglas LLC
CSE Elkton LLC
CSE Elkton Realty LLC
CSE Fairhaven LLC
CSE Fort Wayne LLC
CSE Frankston LLC
CSE Georgetown LLC
CSE Green Bay LLC
CSE Hilliard LLC

CSE Huntingdon LLC
CSE Huntsville LLC
CSE Indianapolis-Continental LLC
CSE Indianapolis-Greenbriar LLC
CSE Jacinto City LLC
CSE Jefferson City LLC
CSE Jeffersonville-Hillcrest Center LLC
CSE Jeffersonville-Jennings House LLC
CSE Kerrville LLC
CSE King L.P.
CSE Kingsport LLC
CSE Knightdale L.P.
CSE Lake City LLC
CSE Lake Worth LLC
CSE Lakewood LLC
CSE Las Vegas LLC
CSE Lawrenceburg LLC
CSE Lenoir L.P.
CSE Lexington Park LLC
CSE Lexington Park Realty LLC
CSE Ligonier LLC
CSE Live Oak LLC
CSE Lowell LLC
CSE Marianna Holdings LLC
CSE Memphis LLC
CSE Mobile LLC
CSE Moore LLC
CSE North Carolina Holdings I LLC
CSE North Carolina Holdings II LLC
CSE Omro LLC
CSE Orange Park LLC
CSE Orlando-Pinar Terrace Manor LLC
CSE Orlando-Terra Vista Rehab LLC
CSE Pennsylvania Holdings
CSE Piggott LLC
CSE Pilot Point LLC
CSE Pine View LLC
CSE Ponca City LLC
CSE Port St. Lucie LLC
CSE Richmond LLC
CSE Ripley LLC
CSE Ripon LLC
CSE Safford LLC
CSE Salina LLC
CSE Seminole LLC
CSE Shawnee LLC

CSE Spring Branch LLC
CSE Stillwater LLC
CSE Taylorsville LLC
CSE Texarkana LLC
CSE Texas City LLC
CSE The Village LLC
CSE Upland LLC
CSE Walnut Cove L.P.
CSE West Point LLC
CSE Whitehouse LLC
CSE Williamsport LLC
CSE Winter Haven LLC
CSE Woodfin L.P.
CSE Yorktown LLC
Desert Lane LLC
Greenbough, LLC
LAD I Real Estate Company, LLC
North Las Vegas LLC
NRS Ventures, L.L.C.
OHI Asset (AR) Ash Flat, LLC
OHI Asset (AR) Camden, LLC
OHI Asset (AR) Conway, LLC
OHI Asset (AR) Des Arc, LLC
OHI Asset (AR) Hot Springs, LLC
OHI Asset (AR) Malvern, LLC
OHI Asset (AR) Mena, LLC
OHI Asset (AR) Pocahontas, LLC
OHI Asset (AR) Sheridan, LLC
OHI Asset (AR) Walnut Ridge, LLC
OHI Asset (AZ) Austin House, LLC
OHI Asset (CA), LLC
OHI Asset (CO), LLC
OHI Asset (CT) Lender, LLC
OHI Asset (FL) Lake Placid, LLC
OHI Asset (FL) Lender, LLC
OHI Asset (FL), LLC
OHI Asset (GA) Moultrie, LLC
OHI Asset (GA) Snellville, LLC
OHI Asset (ID) Holly, LLC
OHI Asset (ID) Midland, LLC
OHI Asset (ID), LLC
OHI Asset (IL), LLC
OHI Asset (IN) American Village, LLC
OHI Asset (IN) Anderson, LLC
OHI Asset (IN) Beech Grove, LLC
OHI Asset (IN) Clarksville, LLC

OHI Asset (IN) Clinton, LLC
OHI Asset (IN) Connersville, LLC
OHI Asset (IN) Crown Point, LLC
OHI Asset (IN) Eagle Valley, LLC
OHI Asset (IN) Elkhart, LLC
OHI Asset (IN) Forest Creek, LLC
OHI Asset (IN) Fort Wayne, LLC
OHI Asset (IN) Franklin, LLC
OHI Asset (IN) Greensburg, LLC
OHI Asset (IN) Indianapolis, LLC
OHI Asset (IN) Jasper, LLC
OHI Asset (IN) Kokomo, LLC
OHI Asset (IN) Lafayette, LLC
OHI Asset (IN) Madison, LLC
OHI Asset (IN) Monticello, LLC
OHI Asset (IN) Noblesville, LLC
OHI Asset (IN) Rosewalk, LLC
OHI Asset (IN) Salem, LLC
OHI Asset (IN) Seymour, LLC
OHI Asset (IN) Spring Mill, LLC
OHI Asset (IN) Terre Haute, LLC
OHI Asset (IN) Wabash, LLC
OHI Asset (IN) Westfield, LLC
OHI Asset (IN) Zionsville, LLC
OHI Asset (LA), LLC
OHI Asset (MD), LLC
OHI Asset (MI) Heather Hills, LLC
OHI Asset (MI), LLC
OHI Asset (MO), LLC
OHI Asset (MS) Byhalia, LLC
OHI Asset (MS) Cleveland, LLC
OHI Asset (MS) Clinton, LLC
OHI Asset (MS) Columbia, LLC
OHI Asset (MS) Corinth, LLC
OHI Asset (MS) Greenwood, LLC
OHI Asset (MS) Grenada, LLC
OHI Asset (MS) Holly Springs, LLC
OHI Asset (MS) Indianola, LLC
OHI Asset (MS) Natchez, LLC
OHI Asset (MS) Picayune, LLC
OHI Asset (MS) Vicksburg, LLC
OHI Asset (MS) Yazoo City, LLC
OHI Asset (NC) Wadesboro, LLC
OHI Asset (OH) Lender, LLC
OHI Asset (OH), LLC
OHI Asset (OR) Portland, LLC

OHI Asset (PA), LLC
OHI Asset (SC) Aiken, LLC
OHI Asset (SC) Anderson, LLC
OHI Asset (SC) Easley Anne, LLC
OHI Asset (SC) Easley Crestview, LLC
OHI Asset (SC) Edgefield, LLC
OHI Asset (SC) Greenville Griffith, LLC
OHI Asset (SC) Greenville Laurens, LLC
OHI Asset (SC) Greenville North, LLC
OHI Asset (SC) Greer, LLC
OHI Asset (SC) Marietta, LLC
OHI Asset (SC) McCormick, LLC
OHI Asset (SC) Pickens East Cedar, LLC
OHI Asset (SC) Pickens Rosemond, LLC
OHI Asset (SC) Piedmont, LLC
OHI Asset (SC) Simpsonville SE Main, LLC
OHI Asset (SC) Simpsonville West Broad, LLC
OHI Asset (SC) Simpsonville West Curtis, LLC
OHI Asset (TN) Bartlett, LLC
OHI Asset (TN) Collierville, LLC
OHI Asset (TN) Memphis, LLC
OHI Asset (TX) Anderson, LLC
OHI Asset (TX) Bryan, LLC
OHI Asset (TX) Burleson, LLC
OHI Asset (TX) College Station, LLC
OHI Asset (TX) Comfort, LLC
OHI Asset (TX) Diboll, LLC
OHI Asset (TX) Granbury, LLC
OHI Asset (TX) Hondo, LLC
OHI Asset (TX) Italy, LLC
OHI Asset (TX) Winnsboro, LLC
OHI Asset (TX), LLC
OHI Asset (UT) Ogden, LLC
OHI Asset (UT) Provo, LLC
OHI Asset (UT) Roy, LLC
OHI Asset (VA) Charlottesville, LLC
OHI Asset (VA) Farmville, LLC
OHI Asset (VA) Hillsville, LLC
OHI Asset (VA) Rocky Mount, LLC
OHI Asset (WA) Battle Ground, LLC
OHI Asset CSB LLC
OHI Asset CSE – E, LLC
OHI Asset CSE – U, LLC
OHI Asset HUD CFG, LLC
OHI Asset HUD Delta, LLC
OHI Asset HUD SF CA, LLC

OHI Asset HUD SF, LLC
OHI Asset HUD WO, LLC
OHI Asset II (CA), LLC
OHI Asset II (FL), LLC
OHI Asset RO PMM Services, LLC
OHI Asset RO, LLC
OHI Asset, LLC
Panama City Nursing Center LLC
Skyler Maitland LLC
Suwanee, LLC
Florida Real Estate Company, LLC
Pensacola Real Estate Holdings I, Inc.
Pensacola Real Estate Holdings II, Inc.
Pensacola Real Estate Holdings III, Inc.
Pensacola Real Estate Holdings IV, Inc.
Pensacola Real Estate Holdings V, Inc.
Skyler Pensacola, Inc.
OHI (Illinois), Inc.
OHI (Indiana), Inc.
OHI (Iowa), Inc.
Sterling Acquisition Corp.
48 High Point Road, LLC
Arizona Lessor - Infinia, Inc.
Bayside Street, Inc.
Colorado Lessor - Conifer, Inc.
Delta Investors I, LLC
Delta Investors II, LLC
Florida Lessor – Meadowview, Inc.
Georgia Lessor - Bonterra/Parkview, Inc.
Indiana Lessor – Wellington Manor, Inc.
OHI Asset (PA) Trust
OHI Asset II (PA) Trust
OHI Asset III (PA) Trust
OHI Asset IV (PA) Silver Lake Trust
OHI Tennessee, Inc.
Omega TRS I, Inc.
Texas Lessor – Stonegate GP, Inc.
Texas Lessor – Stonegate, Limited, Inc.
Texas Lessor – Stonegate, LP
Washington Lessor – Silverdale, Inc.
OHIMA, Inc.
1200 Ely Street Holdings Co. LLC
42235 County Road Holdings Co. LLC
Dixie White House Nursing Home, Inc.
Ocean Springs Nursing Home, Inc.
Skyler Boyington, Inc.

Skyler Florida, Inc.
Canton Health Care Land, Inc.
Colonial Gardens, LLC
Dixon Health Care Center, Inc.
Hutton I Land, Inc.
Hutton II Land, Inc.
Hutton III Land, Inc.
Leatherman 90-1, Inc.
Leatherman Partnership 89-1, Inc.
Leatherman Partnership 89-2, Inc.
Meridian Arms Land, Inc.
Orange Village Care Center, Inc.
St. Mary's Properties, Inc.
The Suburban Pavilion, Inc.
Wilcare, LLC
Pavillion North Partners, Inc.
Pavillion North, LLP
Pavillion Nursing Center North, Inc.

Schedule II

NEW SUBSIDIARIES

OHI Asset (GA) Macon, LLC
OHI Asset (SC) Greenville, LLC
OHI Asset (SC) Orangeburg, LLC
OHI Asset (WV) Danville, LLC
OHI Asset (WV) Ivydale, LLC
OHI Mezz Lender, LLC

Exhibit 4.3A

SEVENTH SUPPLEMENTAL INDENTURE
(Senior Notes due 2024)

THIS SEVENTH SUPPLEMENTAL INDENTURE (this "Seventh Supplemental Indenture") is dated as of February 14, 2014, among OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation (the "Issuer"), each of the SUBSIDIARY GUARANTORS listed on Schedule I hereto (collectively, the " Subsidiary Guarantors"), each of the companies listed on Schedule II hereto (collectively, the " New Subsidiaries"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Issuer and the Subsidiary Guarantors have heretofore executed and delivered to the Trustee an Indenture, dated as of March 19, 2012 (as supplemented by that First Supplemental Indenture, dated as of July 2, 2012, that Second Supplemental Indenture, dated as of August 9, 2012, that Third Supplemental Indenture, dated as of September 24, 2012, that Fourth Supplemental Indenture effective as of December 31, 2012, that Fifth Supplemental Indenture dated as of August 1, 2013 and that Sixth Supplemental Indenture dated as of October 23, 2013, the "Indenture"), providing for the issuance of the Issuer's 5-7/8% Senior Notes due 2024 (the "Notes");

WHEREAS, Section 9.01 of the Indenture authorizes the Issuer, the Subsidiary Guarantors and the Trustee, together, to amend or supplement the Indenture, without notice to or consent of any Holder of the Notes, for the purpose of making any change that would not materially adversely affect the rights of any Holder of the Notes;

WHEREAS, the Issuer has created the New Subsidiaries, which are required to become Subsidiary Guarantors pursuant to Section 4.14 of the Indenture;

WHEREAS, in Section 1.01 of the Indenture, the term "Subsidiary Guarantors" is defined to include all Persons that become a Subsidiary Guarantor by the terms of the Indenture after the Closing Date; and

WHEREAS, Section 10.01 of the Indenture provides that each Subsidiary Guarantor shall be a guarantor of the Issuer's obligations under the Notes, subject to the terms and conditions described in the Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Subsidiary Guarantors, the New Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AMENDMENT TO GUARANTEE. The New Subsidiaries hereby agree, jointly and severally with all other Subsidiary Guarantors, to guarantee the Issuer's obligations under the Notes on the terms and subject to the conditions set forth in the Indenture, and to be bound by, and to receive the benefit of, all other applicable provisions of the Indenture as Subsidiary Guarantors. Such guarantee shall be evidenced by the New Subsidiaries' execution of Subsidiary Guarantees, the form of which is attached as Exhibit E to the Indenture, and shall be effective as of the date hereof.

3. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, partner, affiliate, beneficiary or stockholder of the New Subsidiaries, as such, shall have any liability for any obligations of the Issuer or any Subsidiary Guarantor under the Notes, any Guarantees, the Indenture or this Seventh Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes, by accepting and holding a Note, waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

4. NEW YORK LAW TO GOVERN. The laws of the State of New York shall govern and be used to construe this Seventh Supplemental Indenture.

5. COUNTERPARTS. The parties may sign any number of copies of this Seventh Supplemental Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Seventh Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuer, the Subsidiary Guarantors and the New Subsidiaries.

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IN WITNESS WHEREOF, the parties hereto have caused this Seventh Supplemental Indenture to be duly executed, all as of the date first above written.

OMEGA HEALTHCARE INVESTORS, INC.

By: /s/ Robert O. Stephenson
Name: Robert O. Stephenson
Title: Chief Financial Officer and Treasurer

On behalf of each Subsidiary Guarantor, its sole member, general partner or trustee, named on the attached Schedule I

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

On behalf of each of the New Subsidiaries or its sole member, named on the attached Schedule II

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Dave Ferrell
Name: Dave Ferrell
Title: Vice President

Schedule I

SUBSIDIARY GUARANTORS

13922 Cerise Avenue, LLC
245 East Wilshire Avenue, LLC
3806 Clayton Road, LLC
637 East Romie Lane, LLC
523 Hayes Lane, LLC
1200 Ely Street Holdings Co. LLC
42235 County Road Holdings Co. LLC
2425 Teller Avenue, LLC
48 High Point Road, LLC
Arizona Lessor - Infinia, Inc.
Bayside Colorado Healthcare Associates, Inc.
Bayside Street II, Inc. (for itself and as successor by merger with Bayside Alabama Healthcare Second, Inc., Bayside Arizona Healthcare Second, Inc., and Bayside Colorado Healthcare Second, Inc.)
Bayside Street, Inc. (for itself and as successor by merger with Bayside Arizona Healthcare Associates, Inc., Bayside Indiana Healthcare Associates, Inc., Center Healthcare Associates, Inc., Heritage Texarkana Healthcare Associates, Inc., Pine Texarkana Healthcare Associates, Inc., Reunion Texarkana Healthcare Associates, Inc., San Augustine Healthcare Associates, Inc., South Athens Healthcare Associates, Inc., Waxahachie Healthcare Associates, Inc., and West Athens Healthcare Associates, Inc.)
Canton Health Care Land, Inc.
Carnegie Gardens LLC
CFG 2115 Woodstock Place LLC
Colonial Gardens, LLC
Colorado Lessor - Conifer, Inc.
CSE Blountville LLC
CSE Bolivar LLC
CSE Camden LLC
CSE Centennial Village
CSE Corpus North LLC
CSE Denver Iliff LLC
CSE Fairhaven LLC
CSE Huntingdon LLC
CSE Jacinto City LLC
CSE Jefferson City LLC
CSE Kerrville LLC
CSE Marianna Holdings LLC
CSE Memphis LLC
CSE Pennsylvania Holdings
CSE Ripley LLC
CSE Ripon LLC
CSE Spring Branch LLC

CSE Texarkana LLC
CSE The Village LLC
CSE West Point LLC
CSE Whitehouse LLC
CSE Williamsport LLC
Delta Investors I, LLC
Delta Investors II, LLC
Desert Lane, LLC
Dixon Health Care Center, Inc.
Encanto Senior Care, LLC
Florida Lessor - Crystal Springs, Inc.
Florida Lessor - Emerald, Inc.
Florida Lessor - Lakeland, Inc.
Florida Lessor - Meadowview, Inc.
Florida Real Estate Company, LLC
Georgia Lessor - Bonterra/Parkview, Inc.
Greenbough, LLC
Hutton I Land, Inc.
Hutton II Land, Inc.
Hutton III Land, Inc.
Indiana Lessor - Jeffersonville, Inc.
Indiana Lessor - Wellington Manor, Inc.
Jefferson Clark, Inc.
LAD I Real Estate Company, LLC
Leatherman 90-1, Inc.
Leatherman Partnership 89-1, Inc.
Leatherman Partnership 89-2, Inc.
Long Term Care - Michigan, Inc.
Long Term Care - North Carolina, Inc.
Long Term Care Associates - Illinois, Inc. . (for itself and as successor by merger with Skilled Nursing – Herrin, Inc., and Skilled Nursing – Paris, Inc.)
Long Term Care Associates - Indiana, Inc. (for itself and as successor by merger with Skilled Nursing – Gaston, Inc., and Skilled Nursing – Hicksville, Inc.)
Long Term Care Associates - Texas, Inc. (for itself and as successor by merger with Cherry Street – Skilled Nursing, Inc., Dallas – Skilled Nursing, Inc. , Lake Park – Skilled Nursing, Inc., and Parkview – Skilled Nursing, Inc.)
Meridian Arms Land, Inc.
North Las Vegas LLC
NRS Ventures, L.L.C.
OHI (Connecticut), Inc.
OHI (Florida), Inc.
OHI (Illinois), Inc.
OHI (Indiana), Inc.
OHI (Iowa), Inc.
OHI (Kansas), Inc.
OHI Asset (CA), LLC

OHI Asset (CT) Lender, LLC
OHI Asset (FL), LLC
OHI Asset (ID), LLC
OHI Asset (IN), LLC
OHI Asset (LA), LLC
OHI Asset (MI), LLC
OHI Asset (MI/NC), LLC
OHI Asset (MO), LLC
OHI Asset (OH) Lender, LLC
OHI Asset (OH) New Philadelphia, LLC
OHI Asset (OH), LLC (for itself and as successor by merger with Copley Health Center, Inc. , Hanover House, Inc., House of Hanover, Ltd , and Baldwin Health Center, Inc.)
OHI Asset (PA) Trust
OHI Asset (PA), LLC
OHI Asset (SMS) Lender, Inc.
OHI Asset (TX), LLC
OHI Asset CSE-E, LLC (for itself and as successor by merger with CSE Crane LLC)
OHI Asset CSE-U, LLC (for itself and as successor by merger with CSE Anchorage LLC)
OHI Asset Essex (OH), LLC
OHI Asset II (CA), LLC
OHI Asset II (PA) Trust
OHI Asset III (PA) Trust
OHI Asset, LLC
OHI of Texas, Inc.
OHI Sunshine, Inc.
OHI Tennessee, Inc. (formerly known as OHI of Kentucky, Inc.)
OHIMA, Inc.
Omega (Kansas), Inc.
Omega TRS I, Inc.
Orange Village Care Center, Inc.
OS Leasing Company
Panama City Nursing Center LLC
Pavillion North Partners, Inc.
Pavillion North, LLP
Pavillion Nursing Center North, Inc.
Skyler Maitland LLC
St. Mary’s Properties, Inc.
Sterling Acquisition Corp.
Sterling Acquisition Corp. II
Suwanee, LLC
Texas Lessor - Stonegate GP, Inc.
Texas Lessor - Stonegate Limited, Inc.
Texas Lessor - Stonegate, L.P.
Texas Lessor - Treemont, Inc.
The Suburban Pavilion, Inc.
Washington Lessor - Silverdale, Inc.

Wilcare, LLC
OHI Asset (CO), LLC
OHI Asset (IL), LLC
OHI Asset IV (PA) Silver Lake Trust
OHI Asset II (FL), LLC
CSE Albany LLC
CSE Amarillo LLC
CSE Arden L.P.
CSE Augusta LLC
CSE Bedford LLC
CSE Cambridge LLC
CSE Cambridge Realty LLC
CSE Canton LLC
CSE Cedar Rapids LLC
CSE Chelmsford LLC
CSE Chesterton LLC
CSE Claremont LLC
CSE Denver LLC
CSE Douglas LLC
CSE Elkton LLC
CSE Elkton Realty LLC
CSE Fort Wayne LLC
CSE Frankston LLC
CSE Georgetown LLC
CSE Green Bay LLC
CSE Hilliard LLC
CSE Huntsville LLC
CSE Indianapolis-Continental LLC
CSE Indianapolis-Greenbriar LLC
CSE Jefferson-Hillcrest Center LLC
CSE Jefferson-Jennings House LLC
CSE King L.P.
CSE Kingsport LLC
CSE Knightdale L.P.
CSE Lake City LLC
CSE Lake Worth LLC
CSE Lakewood LLC
CSE Las Vegas LLC
CSE Lawrenceburg LLC
CSE Lenoir L.P.
CSE Lexington Park LLC
CSE Lexington Park Realty LLC
CSE Ligonier LLC
CSE Live Oak LLC
CSE Lowell LLC
CSE Mobile LLC

CSE Moore LLC
CSE North Carolina Holdings I LLC
CSE North Carolina Holdings II LLC
CSE Omro LLC
CSE Orange Park LLC
CSE Orlando-Pinar Terrace Manor LLC
CSE Orlando-Terra Vista Rehab LLC
CSE Piggott LLC
CSE Pilot Point LLC
CSE Ponca City LLC
CSE Port St. Lucie LLC
CSE Richmond LLC
CSE Safford LLC
CSE Salina LLC
CSE Seminole LLC
CSE Shawnee LLC
CSE Stillwater LLC
CSE Taylorsville LLC
CSE Texas City LLC
CSE Upland LLC
CSE Walnut Cove L.P.
CSE Winter Haven LLC
CSE Woodfin L.P.
CSE Yorktown LLC
CSE Casablanca Holdings LLC
CSE Casablanca Holdings II LLC (for itself and as successor by merger with CSE Dumas LLC, and CSE Logansport LLC)
OHI Asset CSB LLC
OHI Asset (FL) Lender, LLC
OHI Asset (MD), LLC
OHI Asset HUD CFG, LLC
OHI Asset HUD WO, LLC
OHI Asset HUD SF, LLC
OHI Asset (IN) Greensburg, LLC
OHI Asset (IN) Indianapolis, LLC
OHI Asset (IN) Wabash, LLC
OHI Asset (IN) Westfield, LLC
OHI Asset (IN) American Village, LLC
OHI Asset (IN) Beech Grove, LLC
OHI Asset (IN) Eagle Valley, LLC
OHI Asset (IN) Anderson, LLC
OHI Asset (IN) Forest Creek, LLC
OHI Asset (IN) Franklin, LLC
OHI Asset (IN) Fort Wayne, LLC
OHI Asset (IN) Monticello, LLC
OHI Asset (IN) Kokomo, LLC

OHI Asset (IN) Elkhart, LLC
OHI Asset (IN) Clarksville, LLC
OHI Asset (IN) Noblesville, LLC
OHI Asset (IN) Rosewalk, LLC
OHI Asset (IN) Lafayette, LLC
OHI Asset (IN) Spring Mill, LLC
OHI Asset (IN) Terre Haute, LLC
OHI Asset (IN) Zionsville, LLC
OHI Asset (TX) Hondo, LLC
OHI Asset HUD SF CA, LLC
OHI Asset (MI) Heather Hills, LLC
OHI Asset (IN) Crown Point, LLC
OHI Asset (IN) Madison, LLC
OHI Asset HUD Delta, LLC
CSE Pine View LLC
Dixie White House Nursing Home, Inc.
Ocean Springs Nursing Home, Inc.
Pensacola Real Estate Holdings I, Inc.
Pensacola Real Estate Holdings II, Inc.
Pensacola Real Estate Holdings III, Inc.
Pensacola Real Estate Holdings IV, Inc.
Pensacola Real Estate Holdings V, Inc.
Skyler Boyington, Inc.
Skyler Florida, Inc.
Skyler Pensacola, Inc.
OHI Asset (AR) Ash Flat, LLC
OHI Asset (AR) Camden, LLC
OHI Asset (AR) Conway, LLC
OHI Asset (AR) Des Arc, LLC
OHI Asset (AR) Hot Springs, LLC
OHI Asset (AR) Mena, LLC
OHI Asset (AR) Malvern, LLC
OHI Asset (AR) Pocahontas, LLC
OHI Asset (AR) Sheridan, LLC
OHI Asset (AR) Walnut Ridge, LLC
OHI Asset (FL) Lake Placid, LLC
OHI Asset RO, LLC

Note: The following former Subsidiary Guarantors have merged with and into the Issuer (with the Issuer being the surviving entity), as a result of which, pursuant to Section 10.04 of the Indenture, they have ceased to be Subsidiary Guarantors:

OHI Asset (IN), LLC
OHI Asset (MI/NC), LLC
OHI Asset (OH) New Philadelphia, LLC

OHI Asset Essex (OH), LLC
OHI (Florida), Inc.
OHI Sunshine, Inc.
Long Term Care Associates – Illinois, Inc. (for itself and as successor by merger with Skilled Nursing – Herrin, Inc., and Skilled Nursing – Paris, Inc.)
Long Term Care Associates – Indiana, Inc.. (for itself and as successor by merger with Skilled Nursing – Gaston, Inc., and Skilled Nursing – Hicksville, Inc.)
OHI (Kansas), Inc.
Omega (Kansas), Inc.
OS Leasing Company
Sterling Acquisition Corp. II
Florida Lessor – Crystal Springs, Inc.
Florida Lessor – Emerald, Inc.
Florida Lessor – Lakeland, Inc.
Indiana Lessor – Jeffersonville, Inc.
Jefferson Clark, Inc.
OHI Asset (SMS) Lender, Inc.
OHI of Texas, Inc.
Texas Lessor – Treemont, Inc.
Long Term Care – Michigan, Inc.
Long Term Care – North Carolina, Inc.
Long Term Care Associates – Texas, Inc. (for itself and as successor by merger with Cherry Street – Skilled Nursing, Inc., Dallas – Skilled Nursing, Inc., Lake Park – Skilled Nursing, Inc., and Parkview – Skilled Nursing, Inc.)

Schedule II

NEW SUBSIDIARIES

OHI Asset (GA) Moultrie, LLC
OHI Asset (GA) Snellville, LLC
OHI Asset (ID) Holly, LLC
OHI Asset (ID) Midland, LLC
OHI Asset (IN) Connersville, LLC
OHI Asset (MS) Byhalia, LLC
OHI Asset (MS) Cleveland, LLC
OHI Asset (MS) Clinton, LLC
OHI Asset (MS) Columbia, LLC
OHI Asset (MS) Corinth, LLC
OHI Asset (MS) Greenwood, LLC
OHI Asset (MS) Grenada, LLC
OHI Asset (MS) Holly Springs, LLC
OHI Asset (MS) Indianola, LLC
OHI Asset (MS) Natchez, LLC
OHI Asset (MS) Picayune, LLC
OHI Asset (MS) Vicksburg, LLC
OHI Asset (MS) Yazoo City, LLC
OHI Asset (NC) Wadesboro, LLC
OHI Asset (OR) Portland, LLC
OHI Asset (SC) Aiken, LLC
OHI Asset (SC) Anderson, LLC
OHI Asset (SC) Easley Anne, LLC
OHI Asset (SC) Easley Crestview, LLC
OHI Asset (SC) Edgefield, LLC
OHI Asset (SC) Greenville Griffith, LLC
OHI Asset (SC) Greenville Laurens, LLC
OHI Asset (SC) Greenville North, LLC
OHI Asset (SC) Greer, LLC
OHI Asset (SC) Marietta, LLC
OHI Asset (SC) McCormick, LLC
OHI Asset (SC) Pickens East Cedar, LLC
OHI Asset (SC) Pickens Rosemond, LLC
OHI Asset (SC) Piedmont, LLC
OHI Asset (SC) Simpsonville SE Main, LLC
OHI Asset (SC) Simpsonville West Broad, LLC
OHI Asset (SC) Simpsonville West Curtis, LLC
OHI Asset (TN) Bartlett, LLC
OHI Asset (TN) Collierville, LLC
OHI Asset (TN) Memphis, LLC
OHI Asset (TX) Anderson, LLC

OHI Asset (TX) Bryan, LLC
OHI Asset (TX) Burleson, LLC
OHI Asset (TX) College Station, LLC
OHI Asset (TX) Comfort, LLC
OHI Asset (TX) Diboll, LLC
OHI Asset (TX) Granbury, LLC
OHI Asset (TX) Italy, LLC
OHI Asset (TX) Winnsboro, LLC
OHI Asset (UT) Ogden, LLC
OHI Asset (UT) Provo, LLC
OHI Asset (UT) Roy, LLC
OHI Asset (VA) Charlottesville, LLC
OHI Asset (VA) Farmville, LLC
OHI Asset (VA) Hillsville, LLC
OHI Asset (VA) Rocky Mount, LLC
OHI Asset (WA) Battle Ground, LLC
OHI Asset (IN) Clinton, LLC
OHI Asset (IN) Jasper, LLC
OHI Asset (IN) Salem, LLC
OHI Asset (IN) Seymour, LLC
OHI Asset RO PMM Services, LLC
OHI Asset (AZ) Austin House, LLC

Exhibit 4.3B

EIGHTH SUPPLEMENTAL INDENTURE
(Senior Notes due 2024)

THIS EIGHTH SUPPLEMENTAL INDENTURE (this "Eighth Supplemental Indenture") is dated as of June 27, 2014, among OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation (the "Issuer"), each of the SUBSIDIARY GUARANTORS listed on Schedule I hereto (collectively, the " Subsidiary Guarantors"), each of the companies listed on Schedule II hereto (collectively, the " New Subsidiaries"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Issuer and the Subsidiary Guarantors have heretofore executed and delivered to the Trustee an Indenture, dated as of March 19, 2012 (as supplemented by that First Supplemental Indenture, dated as of July 2, 2012, that Second Supplemental Indenture, dated as of August 9, 2012, that Third Supplemental Indenture, dated as of September 24, 2012, that Fourth Supplemental Indenture effective as of December 31, 2012, that Fifth Supplemental Indenture dated as of August 1, 2013, that Sixth Supplemental Indenture dated as of October 23, 2013 and that Seventh Supplemental Indenture dated as of February 14, 2014, the "Indenture"), providing for the issuance of the Issuer's 5-7/8% Senior Notes due 2024 (the " Notes");

WHEREAS, Section 9.01 of the Indenture authorizes the Issuer, the Subsidiary Guarantors and the Trustee, together, to amend or supplement the Indenture, without notice to or consent of any Holder of the Notes, for the purpose of making any change that would not materially adversely affect the rights of any Holder of the Notes;

WHEREAS, the Issuer has created the New Subsidiaries, which are required to become Subsidiary Guarantors pursuant to Section 4.14 of the Indenture;

WHEREAS, in Section 1.01 of the Indenture, the term "Subsidiary Guarantors" is defined to include all Persons that become a Subsidiary Guarantor by the terms of the Indenture after the Closing Date; and

WHEREAS, Section 10.01 of the Indenture provides that each Subsidiary Guarantor shall be a guarantor of the Issuer's obligations under the Notes, subject to the terms and conditions described in the Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Subsidiary Guarantors, the New Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AMENDMENT TO GUARANTEE. The New Subsidiaries hereby agree, jointly and severally with all other Subsidiary Guarantors, to guarantee the Issuer's obligations under the Notes on the terms and subject to the conditions set forth in the Indenture, and to be bound by, and to receive the benefit of, all other applicable provisions of the Indenture as Subsidiary Guarantors. Such guarantee shall be evidenced by the New Subsidiaries' execution of Subsidiary Guarantees, the form of which is attached as Exhibit E to the Indenture, and shall be effective as of the date hereof.

3. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, partner, affiliate, beneficiary or stockholder of the New Subsidiaries, as such, shall have any liability for any obligations of the Issuer or any Subsidiary Guarantor under the Notes, any Guarantees, the Indenture or this Eighth Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes, by accepting and holding a Note, waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

4. NEW YORK LAW TO GOVERN. The laws of the State of New York shall govern and be used to construe this Eighth Supplemental Indenture.

5. COUNTERPARTS. The parties may sign any number of copies of this Eighth Supplemental Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Eighth Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuer, the Subsidiary Guarantors and the New Subsidiaries.

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IN WITNESS WHEREOF, the parties hereto have caused this Eighth Supplemental Indenture to be duly executed, all as of the date first above written.

OMEGA HEALTHCARE INVESTORS, INC.

By: /s/ Robert O. Stephenson
Name: Robert O. Stephenson
Title: Chief Financial Officer and Treasurer

On behalf of each Subsidiary Guarantor, its sole member, general partner or trustee, named on the attached Schedule I

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

On behalf of each of the New Subsidiaries or its sole member, named on the attached Schedule II

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Dave Ferrell
Name: Dave Ferrell
Title: Vice President

Schedule I

SUBSIDIARY GUARANTORS

Encanto Senior Care, LLC
13922 Cerise Avenue, LLC
245 East Wilshire Avenue, LLC
3806 Clayton Road, LLC
523 Hayes Lane, LLC
637 East Romie Lane, LLC
2425 Teller Avenue, LLC
Bayside Colorado Healthcare Associates, Inc.
OHI (Connecticut), Inc.
Bayside Street II, Inc.
Carnegie Gardens LLC
CFG 2115 Woodstock Place LLC
CSE Albany LLC
CSE Amarillo LLC
CSE Arden L.P.
CSE Augusta LLC
CSE Bedford LLC
CSE Blountville LLC
CSE Bolivar LLC
CSE Cambridge LLC
CSE Cambridge Realty LLC
CSE Camden LLC
CSE Canton LLC
CSE Casablanca Holdings II LLC
CSE Casablanca Holdings LLC
CSE Cedar Rapids LLC
CSE Centennial Village
CSE Chelmsford LLC
CSE Chesterton LLC
CSE Claremont LLC
CSE Corpus North LLC
CSE Denver Iliff LLC
CSE Denver LLC
CSE Douglas LLC
CSE Elkton LLC
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CSE Georgetown LLC
CSE Green Bay LLC
CSE Hilliard LLC

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CSE Lexington Park LLC
CSE Lexington Park Realty LLC
CSE Ligonier LLC
CSE Live Oak LLC
CSE Lowell LLC
CSE Marianna Holdings LLC
CSE Memphis LLC
CSE Mobile LLC
CSE Moore LLC
CSE North Carolina Holdings I LLC
CSE North Carolina Holdings II LLC
CSE Omro LLC
CSE Orange Park LLC
CSE Orlando-Pinar Terrace Manor LLC
CSE Orlando-Terra Vista Rehab LLC
CSE Pennsylvania Holdings
CSE Piggott LLC
CSE Pilot Point LLC
CSE Pine View LLC
CSE Ponca City LLC
CSE Port St. Lucie LLC
CSE Richmond LLC
CSE Ripley LLC
CSE Ripon LLC
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OHI Asset (VA) Rocky Mount, LLC
OHI Asset (WA) Battle Ground, LLC
OHI Asset CSB LLC
OHI Asset CSE – E, LLC
OHI Asset CSE – U, LLC
OHI Asset HUD CFG, LLC
OHI Asset HUD Delta, LLC
OHI Asset HUD SF CA, LLC

OHI Asset HUD SF, LLC
OHI Asset HUD WO, LLC
OHI Asset II (CA), LLC
OHI Asset II (FL), LLC
OHI Asset RO PMM Services, LLC
OHI Asset RO, LLC
OHI Asset, LLC
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Suwanee, LLC
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Skyler Boyington, Inc.

Skyler Florida, Inc.
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Colonial Gardens, LLC
Dixon Health Care Center, Inc.
Hutton I Land, Inc.
Hutton II Land, Inc.
Hutton III Land, Inc.
Leatherman 90-1, Inc.
Leatherman Partnership 89-1, Inc.
Leatherman Partnership 89-2, Inc.
Meridian Arms Land, Inc.
Orange Village Care Center, Inc.
St. Mary's Properties, Inc.
The Suburban Pavilion, Inc.
Wilcare, LLC
Pavillion North Partners, Inc.
Pavillion North, LLP
Pavillion Nursing Center North, Inc.

Schedule II

NEW SUBSIDIARIES

OHI Asset (GA) Macon, LLC
OHI Asset (SC) Greenville, LLC
OHI Asset (SC) Orangeburg, LLC
OHI Asset (WV) Danville, LLC
OHI Asset (WV) Ivydale, LLC
OHI Mezz Lender, LLC

Exhibit 4.4

FIRST SUPPLEMENTAL INDENTURE
(Senior Notes due 2024)

THIS FIRST SUPPLEMENTAL INDENTURE (this "First Supplemental Indenture") is dated as of June 27, 2014, among OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation (the "Issuer"), each of the SUBSIDIARY GUARANTORS listed on Schedule I hereto (collectively, the " Subsidiary Guarantors"), each of the companies listed on Schedule II hereto (collectively, the "New Subsidiaries"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee").

W I T N E S S E T H :

WHEREAS, the Issuer and the Subsidiary Guarantors have heretofore executed and delivered to the Trustee an Indenture, dated as of March 11, 2014 (the "Indenture"), providing for the issuance of the Issuer's 4.950% Senior Notes due 2024 (the " Notes");

WHEREAS, Section 9.01 of the Indenture authorizes the Issuer, the Subsidiary Guarantors and the Trustee, together, to amend or supplement the Indenture, without notice to or consent of any Holder of the Notes, for the purpose of making any change that would not materially adversely affect the rights of any Holder of the Notes;

WHEREAS, the Issuer has created the New Subsidiaries, which are required to become Subsidiary Guarantors pursuant to Section 4.14 of the Indenture;

WHEREAS, in Section 1.01 of the Indenture, the term "Subsidiary Guarantors" is defined to include all Persons that become a Subsidiary Guarantor by the terms of the Indenture after the Closing Date; and

WHEREAS, Section 10.01 of the Indenture provides that each Subsidiary Guarantor shall be a guarantor of the Issuer's obligations under the Notes, subject to the terms and conditions described in the Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Subsidiary Guarantors, the New Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AMENDMENT TO GUARANTEE. The New Subsidiaries hereby agree, jointly and severally with all other Subsidiary Guarantors, to guarantee the Issuer's obligations under the Notes on the terms and subject to the conditions set forth in the Indenture, and to be bound by, and to receive the benefit of, all other applicable provisions of the Indenture as Subsidiary Guarantors. Such guarantee shall be evidenced by the New Subsidiaries' execution of Subsidiary Guarantees, the form of which is attached as Exhibit E to the Indenture, and shall be effective as of the date hereof.

3. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, partner, affiliate, beneficiary or stockholder of the New Subsidiaries, as such, shall have any liability for any obligations of the Issuer or any Subsidiary Guarantor under the Notes, any Guarantees, the Indenture or this First Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes, by accepting and holding a Note, waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes.

4. NEW YORK LAW TO GOVERN. The laws of the State of New York shall govern and be used to construe this First Supplemental Indenture.

5. COUNTERPARTS. The parties may sign any number of copies of this First Supplemental Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this First Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Issuer, the Subsidiary Guarantors and the New Subsidiaries.

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IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, all as of the date first above written.

OMEGA HEALTHCARE INVESTORS, INC.

By: /s/ Robert O. Stephenson
Name: Robert O. Stephenson
Title: Chief Financial Officer and Treasurer

On behalf of each Subsidiary Guarantor, its sole member, general partner or trustee, named on the attached Schedule I

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

On behalf of each of the New Subsidiaries or its sole member, named on the attached Schedule II

By: /s/ Daniel J. Booth
Name: Daniel J. Booth
Title: Chief Operating Officer and Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /s/ Dave Ferrell
Name: Dave Ferrell
Title: Vice President

Schedule I

SUBSIDIARY GUARANTORS

Encanto Senior Care, LLC
13922 Cerise Avenue, LLC
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2425 Teller Avenue, LLC
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Bayside Street II, Inc.
Carnegie Gardens LLC
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CSE Amarillo LLC
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OHI Asset CSE – U, LLC
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Pensacola Real Estate Holdings III, Inc.
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OHI (Indiana), Inc.
OHI (Iowa), Inc.
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Schedule II

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Exhibit 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Certification

I, C. Taylor Pickett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Omega Healthcare Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

/S/ C. TAYLOR PICKETT
C. Taylor Pickett
Chief Executive Officer

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION OF CHIEF FINANCIAL OFFICER

Certifications

I, Robert O. Stephenson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Omega Healthcare Investors, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2014

/S/ ROBERT O. STEPHENSON

Robert O. Stephenson
Chief Financial Officer

EXHIBIT 32.1

SECTION 1350 CERTIFICATION
OF THE CHIEF EXECUTIVE OFFICER

I, C. Taylor Pickett, hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the three months ended June 30, 2014 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2014

/S/ C. TAYLOR PICKETT

C. Taylor Pickett
Chief Executive Officer

EXHIBIT 32.2

SECTION 1350 CERTIFICATION
OF THE CHIEF FINANCIAL OFFICER

I, Robert O. Stephenson, hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the three months ended June 30, 2014 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2014

/S/ ROBERT O. STEPHENSON

Robert O. Stephenson
Chief Financial Officer