

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 28, 2009

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

Maryland
(State of incorporation)

1-11316
(Commission File Number)

38-3041398
(IRS Employer
Identification No.)

200 International Circle
Suite 3500
Hunt Valley, Maryland 21093
(Address of principal executive offices / Zip Code)

(410) 427-1700
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act.

Soliciting material pursuant to Rule 14a-12 under the Exchange Act.

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act.

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On May 28, 2009, Omega Healthcare Investors, Inc. (the "Company") amended its Articles of Incorporation to increase the number of authorized shares of its common stock from 100,000,000 to 200,000,000 shares. The Board of Directors of the Company previously approved the amendment, subject to stockholder approval, and the amendment was approved by the Company's stockholders at the Annual Meeting of Stockholders held on May 21, 2009. The amendment, which is effective immediately, amends and restates Article IV, Section 1 of the Company's Articles of Incorporation in its entirety and now reads as follows:

"Section 1. The total number of shares of capital stock which the corporation shall have authority to issue is Two Hundred Twenty Million (220,000,000), of which Two Hundred Million (200,000,000) shall be shares of Common Stock having a par value of \$.10 per share and Twenty Million (20,000,000) shall be shares of Preferred Stock having a par value of \$1.00 per share. The aggregate par value of all said shares shall be Forty Million Dollars (\$40,000,000). Prior to the increase, the aggregate par value of all said shares was Thirty Million Dollars (\$30,000,000)."

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit
Number Description

3.1 Articles of Amendment of Omega Healthcare Investors, Inc.

- 10.1 Second Amendment to the Second Amended and Restated Master Lease, dated as of February 26, 2009, by and among Omega Healthcare Investors, Inc., certain of its subsidiaries as lessors, Sun Healthcare Group, Inc. and certain of its affiliates as lessees, amending and restating prior master leases with Sun Healthcare Group, its subsidiaries, and lessees and guarantors acquired by Sun Healthcare Group.
 - 10.2 Eight Amendment to Consolidated Amended and Restated Master Lease, dated as of March 31, 2009, by and between Sterling Acquisition Corp. and Diversicare Leasing Corp.
 - 10.3 First Amendment to Loan Agreement, dated as of March 15, 2009, by and among OHI Asset III (PA) Trust, as Lender, certain affiliated entities of CommuniCare Health Services as Borrowers, and certain affiliated entities of CommuniCare Health Services as Guarantors.
-

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)

Dated: June 2, 2009

By: /s/ Robert O. Stephenson
Robert O. Stephenson
Chief Financial Officer

OMEGA HEALTHCARE INVESTORS, INC.

ARTICLES OF AMENDMENT

OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation having its principal Maryland office at 200 International Circle, Suite 3500, Hunt Valley, Maryland 21030 (the "Company"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: The Charter of the Company is hereby amended by deleting the current Section 1 of Article IV in its entirety and inserting in lieu thereof the following:

**ARTICLE IV
CAPITAL STOCK**

Section 1. The total number of shares of capital stock which the corporation shall have authority to issue is Two Hundred Twenty Million (220,000,000), of which Two Hundred Million (200,000,000) shall be shares of Common Stock having a par value of \$.10 per share and Twenty Million (20,000,000) shall be shares of Preferred Stock having a par value of \$1.00 per share. The aggregate par value of all said shares shall be Forty Million Dollars (\$40,000,000). Prior to the increase, the aggregate par value of all said shares was Thirty Million Dollars (\$30,000,000).

SECOND: (a) The total number of shares of all classes of stock of the Company heretofore authorized, and the number and par value of the shares of each class, were as follows:

Common Stock	Par Value
100,000,000	\$.10 per share
Preferred Stock	Par Value
20,000,000	\$1.00 per share

(b) The total number of shares of all classes of stock of the Company as increased, and the number and par value of the shares of each class, are as follows:

Common Stock	Par Value
200,000,000	\$.10 per share
Preferred Stock	Par Value
20,000,000	\$1.00 per share

(c) The aggregate par value of all shares of all classes of stock of the Company heretofore authorized was \$30,000,000. The aggregate par value of all shares of all classes of stock as increased by this amendment is \$40,000,000. This amendment has the effect of increasing the aggregate par value of all shares of all classes of stock of the Company by \$10,000,000.

THIRD: The amendment to the Charter of the Company set forth above has been duly advised by the Board of Directors and approved by the stockholders of the Company as required by the Maryland General Corporation Law.

FOURTH: The undersigned Chief Executive Officer of the Company acknowledges the Articles of Amendment to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer of the Company acknowledges that to the best of his or her knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Company has caused this Articles of Amendment to be executed under seal in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this 27th day of May, 2009.

ATTEST

OMEGA HEALTHCARE INVESTORS, INC.

By:/s/ Daniel J. Booth
Daniel J. Booth
Secretary

By:/s/ C. Taylor Pickett
C. Taylor Pickett
Chief Executive Officer

SECOND AMENDMENT TO
SECOND AMENDED AND RESTATED

MASTER LEASE AGREEMENT

Among

OMEGA HEALTHCARE INVESTORS, INC.

THE LESSOR ENTITIES IDENTIFIED ON THE SIGNATURE PAGE HEREOF

THE LESSEE ENTITIES IDENTIFIED ON THE SIGNATURE PAGE HEREOF

AND

THE GUARANTOR ENTITIES IDENTIFIED ON THE SIGNATURE PAGE HEREOF

Dated As Of

February 26, 2009

SECOND AMENDMENT TO
SECOND AMENDED AND RESTATED
MASTER LEASE AGREEMENT

THIS SECOND AMENDMENT TO SECOND AMENDED AND RESTATED MASTER LEASE AGREEMENT (this "Master Lease"), is made and entered into on this 26th day of February, 2009 (the "Effective Date") by and among the lessor entities identified on the signature page hereof (collectively, the "Lessor," and where the context requires, each, a "Lessor"), the lessee entities listed on the signature page hereof (collectively, jointly and severally, the "Lessee," and where the context requires, each, a "Lessee"), OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation ("Omega"), and the guarantor entities identified on the signature page hereof (each a "Guarantor" and collectively, the "Guarantors").

RECITALS

The circumstances underlying the execution of this Master Lease are as follows:

A. Lessor, as landlord, and Lessee, as lessee, are parties to that certain Second Amended and Restated Master Lease dated as of February 1, 2008 (the "Second Amended Lease"), as amended by First Amendment to Second Amended and Restated Master Lease dated August 26, 2008 (the "First Amendment" and together with the Second Amended Lease, the "Existing Lease"), pursuant to which Lessee leases forty (40) facilities from Lessor. All terms used in this Amendment and not defined herein shall have the meanings assigned to them in the Existing Lease.

B. Lessor and Lessee desire to amend the Existing Master Lease to modify the terms agreed upon in the First Amendment with respect to certain capital improvements to the Facilities.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions.

(a) Any capitalized term used but not defined in this Amendment will have the meaning assigned to such term in the Existing Lease.

(b) In addition to the other definitions contained herein, when used in this Amendment the following terms shall have the following meanings and to the extent that any of the following definitions are also contained in the First Amendment, the definition set forth below shall be deemed to amend and supersede the same in its entirety:

Accrued Financing Costs: is defined in Section 6 of the First Amendment, as supplemented by Section 2 of this Amendment.

Additional Project Rent: means, with respect to each Approved Project or Structural Project, an amount equal to (A) the Funded Amount for such Approved Project or Structural Project *multiplied by* (B) ten percent (10.00%).

Additional Rent Commencement Date: means, (A) for each Approved Project, the earlier to occur of (i) the Substantial Completion Date or (ii) the first day of the fifteenth (15th) month following the Approved Project Start Date for such Approved Project and (B) for each Structural Project, the earlier to occur of (i) the Substantial Completion Date, (ii) the Target Completion Date, (iii) an Event of Default, (iv) the date that Lessor and Lessee agree to stop work on a Structural Project, or (v) a default by Lessee in its obligations under the Project Management Agreement which is not cured within any cure period provided for therein.

Approved Structural Project Documents: has the meaning set forth in Section 2(b).

Funded Amount: means, with respect to each Approved Project or Structural Project, the aggregate funds expended by Lessor and all Accrued Financing Costs on such Approved Project or Structural Project, and with respect to all Approved Projects and Structural Projects, the aggregate funds expended by Lessor and all Accrued Financing Costs on all Approved Projects and Structural Projects.

Maximum Funded Amount: means the aggregate maximum amount which Lessor has agreed to make available to Lessee to cover the Actual Cost of all of the Approved Projects and which Lessor may elect to invest in the Structural Projects, to wit, Twenty Five Million and no/100 Dollars (\$25,000,000).

Project Costs: means all costs and fees paid or accrued in connection with an Approved Project or Structural Project.

Project Management Agreement: has the meaning set forth in Section 2(d).

Proposed Structural Project Budget: has the meaning set forth in Section 2(b).

Proposed Structural Project Description: has the meaning set forth in Section 2(b).

Proposed Structural Project Rent Adjustment: has the meaning set forth in Section 2(b).

Proposed Structural Project Timeline: has the meaning set forth in Section 2(b).

Structural Project: means any project at an Eligible Facility which modifies the footprint of the Eligible Facility or involves a modification to any structural component of the Eligible Facility, such as the roof, foundation or exterior walls.

Target Completion Date: means the date that is identified as the anticipated Substantial Completion Date in the Project Description contemplated by Section 2(b) of this Amendment.

(c) From and after the date of this Amendment, each reference to the Existing Lease, means the Existing Lease as modified by this

Amendment.

2. Landlord Sponsored Projects.

(a) Structural Projects. In addition to the Proposed Projects which Lessee is permitted to submit to Lessor under the terms of the Existing Lease, Lessor shall have the right at any time prior to December 31, 2009 to undertake, at its sole cost and expense, Structural Projects at the Eligible Facilities. In the event Lessor elects to undertake a Structural Project the provisions of this Section 2 shall govern such Structural Project.

(b) Project Description. Lessor shall submit to Lessee, for Lessee's review and approval, which approval shall not be unreasonably withheld, a reasonably detailed description of the Structural Project (the "Proposed Project Description"), along with a proposed timeline for completion of the Structural Project, which timeline shall include the anticipated Substantial Completion Date (the "Proposed Structural Project Timeline"), a proposed budget with respect thereto (the "Proposed Structural Project Budget") and Lessor's estimate of the adjustment to the Base Rent, which adjustment shall be calculated in accordance with the terms of the Existing Lease, that is reasonably likely to occur upon completion of the construction thereof (the "Proposed Structural Project Rent Adjustment"). Lessor shall not commence the proposed Structural Project until each of the Proposed Structural Project Description, the Proposed Structural Project Timeline, the Proposed Structural Project Budget and the Proposed Structural Project Rent Adjustment have been approved by Lessee and once approved by Lessee such document shall be collectively referred to herein as the "Approved Structural Project Documents." Lessor and Lessee acknowledge and agree that the actual adjustment to Base Rent shall be calculated based upon the actual funds expended by Lessor, and not on the Proposed Structural Project Budget or on the Approved Structural Project Documents. Lessee acknowledges and agrees that the Proposed Structural Project Budget shall include (i) all reasonable costs incurred by Lessor in connection with the Structural Project, including, but not limited to, Lessor's reasonable legal counsel and due diligence costs, title insurance, survey, UCC searches and filing fees, if any, shall, and the fees of Lessor's Architect and (ii) Lessor's financing costs related to the funds used to pay for the Structural Project. In furtherance of the foregoing, during the period from the Structural Project Start Date until the applicable Additional Rent Commencement Date, financing costs on the portion of any Funded Amount actually advanced for such Structural Project shall accrue at the rate of ten percent (10%) per annum (such costs to be included within the definition of the "Accrued Financing Costs"). Lessee acknowledges and agrees that the failure on the part of Lessor to include any cost in the Proposed Structural Project Budget or in the Approved Structural Project Documents, or to accurately estimate the amount of any such cost, shall not preclude Lessor from including the full amount of such cost in the Funded Amount. In the month such financing costs accrue, such financing costs shall be deemed to have been advanced as part of the Funded Amount for all purposes under this Amendment; provided, however, in calculating the Additional Project Rent there shall be no compounding of the Accrued Financing Costs.

(c) General Contractor. Lessor's obligation to undertake the Structural Project shall be specifically conditioned on Lessor entering into a contract with a general contractor acceptable to Lessor in the exercise of its sole and absolute judgment and on terms and conditions acceptable to Lessor in the exercise of its sole and absolute judgment.

(d) Project Management. Lessor shall have the right, but not the obligation, in connection with any Structural Project to engage Lessee (or one or more of its Affiliates) to supervise the day to day construction and completion of the Project pursuant to a project management agreement to be entered into by Lessor and Lessee on terms and conditions acceptable to Lessor in the exercise of its sole and absolute judgment (the "Project Management Agreement"). Lessee acknowledges and agrees that, for purposes of Section 16.1.13 of the Master Lease, it shall be an Event of Default under the Master Lease if Lessee defaults in its obligations under the Project Management Agreement and such default is not cured within any cure period set forth in the Project Management Agreement (as compared to in Section 16.1.13) and the applicable Structural Project is not completed by the Target Completion Date as a result of such uncured default under the Project Management Agreement.

(e) Character of Construction. All construction of the Structural Projects will be of sound materials, in good and workmanlike manner, free and clear of all liens, claims and encumbrances (other than the liens and security interests securing the obligations of the Lessee under the Existing Lease), and in compliance with all laws, ordinances, regulations and restrictions affecting the applicable Eligible Facility and all requirements of all governmental authorities having jurisdiction over the applicable Eligible Facility and of the appropriate board of fire underwriters or other similar body, if any, and any applicable health care authority.

(f) Records and Reports. During the construction period and for a period of six (6) months after the Additional Rent Commencement Date for a Structural Improvement, Lessor will use commercially reasonable efforts to maintain accurate and complete books and records relating to the Structural Project, including, but not limited to, (i) copies and lists of all paid and unpaid bills for labor and materials with respect to the Structural Project, (ii) construction budgets and revisions thereof showing the estimated cost of the Structural Projects and the source of the funds required at any given time to complete and pay for the same, (iii) receipted bills or other evidence of payment with respect to the cost of the Structural Project, and (iv) such reports as to other matters relating to the Structural Project as Lessee may reasonably request.

(g) Access. Notwithstanding anything to the contrary contained in this Lease, Lessee will permit Lessor and Lessor's representatives to have access to any Eligible Facility at which a Structural Project is being performed at all reasonable times and to conduct such investigations and inspections thereof as Lessor shall determine necessary, including without limitation in connection with inspecting all work done, labor performed and materials furnished in connection with each Structural Project. Lessee will cooperate with Lessor and its representatives and agents during such inspections. All inspections that may be performed by Lessor and its agents will be exclusively for the benefit of Lessor and will impose no obligation whatever upon Lessor for the benefit of any person. No inspection by Lessor will create any obligation on Lessor other than the obligations otherwise specifically imposed on Lessor under this Amendment or the terms of any construction documents related to the Structural Project to which Lessor may be a party or relieve Lessee of any obligation it may have under the Existing Lease.

(h) Right to Withdraw a Structural Project. Notwithstanding anything to the contrary set forth in this Section 2, Lessor shall have the right, on written notice to Lessee, to withdraw a Structural Project prior to the commencement of construction thereof.

(i) Funding of a Structural Project. Lessor shall be solely responsible for the payment of all Project Costs related to each Structural Project.

3. Structural Project Rent.

(a) For each Structural Project, commencing as of the Additional Rent Commencement Date, either (i) the annual Litchfield Base Rent shall be increased by the Additional Project Rent if such Structural Project is undertaken at a Litchfield Facility, or (ii) the annual Non-Litchfield Base Rent shall be increased by the Additional Project Rent if such Structural Project is undertaken at a Non-Litchfield Facility.

(b) From and after the applicable Additional Rent Commencement Date, such Additional Project Rent shall be part of the Litchfield Base

Rent or Non-Litchfield Base Rent, as applicable, for all purposes under this Lease, including, but not limited to, annual increase as set forth in the Existing Lease pursuant to the formulas set forth in the definitions of Litchfield Base Rent or Non-Litchfield Base Rent, as applicable.

4. Unavoidable Delay. Section 14 of the First Amendment is hereby amended and restated in its entirety at follows:

14. Unavoidable Delay. Upon the occurrence and during the continuance of an Unavoidable Delay with respect to an Approved Project and the giving of written notice thereof to Lessor, Lessee shall be temporarily released without any liability on its part from the performance of its obligations to complete such Approved Project, except for the obligation to pay any amounts due and owing from Lessee (using the funds provided by Lessor under this Amendment, if applicable), but only to the extent and only for the period that their performance of each such obligation is prevented by the Unavoidable Delay. Upon the occurrence and during the continuance of an Unavoidable Delay with respect to a Structural Project and the giving of written notice thereof to Lessee, Lessor shall be temporarily released without any liability on its part from the performance of its obligations to complete such Structural Project, but only to the extent and only for the period that their performance of each such obligation is prevented by the Unavoidable Delay. In each case, such notice shall include a description of the nature of the Unavoidable Delay, and its cause and possible consequences. Lessee or Lessor, as applicable, shall promptly notify the other party of the termination of the event giving rise to the Unavoidable Delay. During the period that the performance by Lessee has been suspended by reason of an Unavoidable Delay, Lessor may likewise suspend the performance of all or part of its obligations under the First Amendment to the extent that such suspension is commercially reasonable and, notwithstanding anything in this Lease to the contrary, Lessor shall have no obligation to make disbursements of the Funded Amount with respect to such Approved Project other than with respect to requests for reimbursement submitted by Lessee for work completed at the applicable Approved Project prior to the onset of any such Unavoidable Delay.

5. Expenses of Lessor. All reasonable costs incurred by Lessor in connection with any Structural Project, including, but not limited to, Lessor's reasonable legal counsel and due diligence costs, title insurance, survey, UCC searches and filing fees, if any, and the fees of Lessor's Architect shall be added to the Funded Amount for any Structural Project.

6. Enforceability of Lease. Except as expressly and specifically set forth in this Amendment, the Existing Lease remain unmodified and in full force and effect.

7. Execution and Counterparts. This Amendment may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed to be an original, but when taken together shall constitute one and the same Amendment.

8. Headings; Exhibits. Section headings used in this Amendment are for reference only and shall not affect the construction of the Agreement. All exhibits and attachments attached hereto are incorporated herein by this reference.

9. Entire Agreement. This Amendment together with the Existing Lease and the other Transaction Documents is intended by the parties to be a complete and exclusive statement of the agreement and understanding of the parties in respect of the subject matter contained herein and therein.

SIGNATURES ON FOLLOWING PAGE

Signature Pages To
SECOND AMENDMENT TO SECOND AMENDED AND RESTATED MASTER LEASE

IN WITNESS WHEREOF, the parties hereby execute this Second Amendment to Second Amended and Restated Master Lease effective as of the day and year first set forth above.

LESSOR:

DELTA INVESTORS I, LLC, a Maryland limited liability company, and
DELTA INVESTORS II, LLC, a Maryland limited liability company
OHI ASSET, LLC, a Delaware limited liability company
OHI ASSET (CA), LLC, a Delaware limited liability company
OHI ASSET (CO), LLC, a Delaware limited liability company
OHI ASSET (ID), LLC, a Delaware limited liability company

By: OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation, Its Member

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

OHIMA, INC., a Massachusetts corporation

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

OMEGA:

OMEGA HEALTHCARE INVESTORS, INC., a Maryland corporation

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

Signature Page - 1 of 4

Signature Pages To
SECOND AMENDMENT TO SECOND AMENDED AND RESTATED MASTER LEASE

STATE OF MARYLAND)
) ss.
COUNTY OF BALTIMORE)

This instrument was acknowledged before me on the 26th day of February, 2009, by Daniel J. Booth, the COO of OHIMA, Inc., a Massachusetts corporation, and Omega Healthcare Investors, Inc., a Maryland corporation, the sole member of Delta Investors I, LLC, a Maryland limited liability company, Delta Investors II, LLC, a Maryland limited liability company, OHI Asset, LLC, a Delaware limited liability company, OHI Asset (CA), LLC, a Delaware limited liability company, OHI Asset (CO), LLC, a Delaware limited liability company, OHI Asset (ID), LLC, a Delaware limited liability company, on behalf of said corporations and companies.

Judith A. Jacobs
Notary Public, Baltimore County, MD
My commission expires: May 12, 2012

Signature Pages To
SECOND AMENDMENT TO SECOND AMENDED AND RESTATED MASTER LEASE

LESSEE:

SUNBRIDGE CARE ENTERPRISES, INC., a Delaware corporation
SUNBRIDGE CIRCLEVILLE HEALTH CARE CORP., an Ohio corporation
SUNBRIDGE BECKLEY HEALTH CARE CORP., a West Virginia corporation
SUNBRIDGE PUTNAM HEALTH CARE CORP., a West Virginia corporation
SUNBRIDGE BRASWELL ENTERPRISES, INC., a California corporation
SUNBRIDGE MEADOWBROOK REHABILITATION CENTER, a California corporation
SUNBRIDGE DUNBAR HEALTH CARE CORP., a West Virginia corporation
SUNBRIDGE MARION HEALTH CARE CORP., an Ohio corporation
SUNBRIDGE SALEM HEALTH CARE CORP., a West Virginia corporation
SUNBRIDGE REGENCY-NORTH CAROLINA, INC., a North Carolina corporation
SUNBRIDGE HEALTHCARE CORPORATION, a New Mexico corporation
SUNBRIDGE SHANDIN HILLS REHABILITATION CENTER, a California corporation
SUNBRIDGE REGENCY-TENNESSEE, INC., a Tennessee corporation
FALMOUTH HEALTHCARE, LLC, a Delaware limited liability company
MASHPEE HEALTHCARE, LLC, a Delaware limited liability company
WAKEFIELD HEALTHCARE, LLC, a Delaware limited liability company
WESTFIELD HEALTHCARE, LLC, a Delaware limited liability company
PEAK MEDICAL COLORADO NO. 2, INC., a Delaware corporation
PEAK MEDICAL OF IDAHO, INC., a Delaware corporation
PEAK MEDICAL OF BOISE, INC., a Delaware corporation

By: /s/ Michael A. Montevideo
Name: Michael A. Montevideo
Title: Treasurer

GUARANTOR:

SUN HEALTHCARE GROUP, INC., a Delaware corporation
PEAK MEDICAL CORPORATION, a Delaware corporation
HARBORSIDE HEALTHCARE CORPORATION, a Delaware corporation

By: /s/ Michael A. Montevideo
Name: Michael A. Montevideo
Title: Treasurer

Signature Pages To
SECOND AMENDMENT TO SECOND AMENDED AND RESTATED MASTER LEASE

STATE OF California)
) ss.
COUNTY OF Orange)

This instrument was acknowledged before me on the 26th day of February, 2009, by Michael A. Montevideo, the Treasurer of Sun Healthcare Group, Inc., a Delaware corporation, Peak Medical Corporation, a Delaware corporation, Harborside Healthcare Corporation, a Delaware corporation, SunBridge Care Enterprises, Inc., a Delaware corporation, SunBridge Circleville Health Care Corp., an Ohio corporation, SunBridge Beckley Health Care Corp., a West Virginia corporation, SunBridge Putnam Health Care Corp., a West Virginia corporation, SunBridge Braswell Enterprises, Inc., a California corporation, SunBridge Meadowbrook Rehabilitation Center, a California corporation, SunBridge Dunbar Health Care Corp., a West Virginia corporation, SunBridge Marion Health Care Corp., an Ohio corporation, SunBridge Salem Health Care Corp., a West Virginia corporation, SunBridge Regency-North Carolina, Inc., a North Carolina corporation, SunBridge Healthcare Corporation, a New Mexico corporation, SunBridge Shandin Hills Rehabilitation Center, a California corporation, SunBridge Regency-Tennessee, Inc., a Tennessee corporation, Falmouth Healthcare, LLC, a Delaware limited liability company, Mashpee Healthcare, LLC, a Delaware limited liability company, Wakefield Healthcare, LLC, a Delaware limited liability company, Westfield Healthcare, LLC, a Delaware limited liability company, Peak Medical Colorado No. 2, Inc., a Delaware corporation, Peak Medical of Idaho, Inc., a Delaware corporation, and Peak Medical of Boise, Inc., a Delaware corporation, on behalf of said corporations and companies.

Judith Monk
Notary Public, Orange County, CA
My commission expires: March 11, 2010

EIGHTH AMENDMENT TO CONSOLIDATED
AMENDED AND RESTATED MASTER LEASE

This Eighth Amendment to Consolidated Amended and Restated Master Lease (this "Amendment") is executed and delivered as of March 31, 2009 by and between STERLING ACQUISITION CORP., a Kentucky corporation ("Lessor"), the address of which is 9690 Deereco Road, Suite 100, Timonium, MD 21093, and DIVERSICARE LEASING CORP., a Tennessee corporation, the address of which is 1621 Galleria Boulevard, Brentwood, TN 37027.

RECITALS:

A. Lessee has executed and delivered to Lessor a Consolidated Amended and Restated Master Lease dated as of November 8, 2000, but effective as of October 1, 2000 (the "Master Lease"), as amended by a First Amendment to Consolidated Amended and Restated Master Lease dated as of September 30, 2001 (the "First Amendment"), a Second Amendment to Consolidated Amended and Restated Master Lease dated as of June 15, 2005 (the "Second Amendment"), a Third Amendment to Consolidated Amended and Restated Master Lease dated as of October 20, 2006 (the "Third Amendment"), a Fourth Amendment to Consolidated Amended and Restated Master Lease dated as of April 1, 2007 (the "Fourth Amendment"), a Fifth Amendment to Consolidated Amended and Restated Master Lease dated as of August 10, 2007 (the "Fifth Amendment"), a Sixth Amendment to Consolidated Amended and Restated Master Lease dated as of March 14, 2008 (the "Sixth Amendment") and a Seventh Amendment to Consolidated Amended and Restated Master Lease dated as of October 24, 2008 (collectively, the "Existing Master Lease") pursuant to which Lessee leases from Lessor certain healthcare facilities.

B. The State of Arkansas has filed suit in the Circuit Court of Garland County, Arkansas (the "Court") to condemn the real property described in Schedule 1 to this Amendment (the "Condemned Property").

C. Pursuant to a Consent Judgment among Lessee, Lessor and the State of Arkansas, Lessee and Lessor have consented to such condemnation.

D. Lessor and Lessee desire to delete the Condemned Property from the definition of "Land" in the Master Lease.

NOW THEREFORE, the parties agree as follows:

1. Definitions. Any capitalized term used but not defined in this Amendment will have the meaning assigned to such term in the Master Lease. From and after the date of this Amendment, each reference in the Existing Master Lease or the other Transaction Documents to the "Lease" or "Master Lease" means, as applicable, the Existing Master Lease as modified by this Amendment.

2. Condemned Property. Effective upon the entry by the Court of the Consent Judgment, Exhibit A-9 to the Existing Master Lease is amended and restated in its entirety by Exhibit A-9 to this Amendment such that the Condemned Property is deleted from the real property defined as the "Land" in the Master Lease and is no longer covered by the Master Lease.

3. Representations and Warranties of Lessee. Lessee hereby represents and warrants to Lessor that (i) it has the right and power and is duly authorized to enter into this Amendment; and (ii) the execution of this Amendment does not and will not constitute a breach of any provision contained in any agreement or instrument to which Lessee is or may become a party or by which Lessee is or may be bound or affected.

4. Execution and Counterparts. This Amendment may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed to be an original, but when taken together shall constitute one and the same Amendment.

5. Headings. Section headings used in this Amendment are for reference only and shall not affect the construction of the Amendment.

6. Enforceability. Except as expressly and specifically set forth herein, the Existing Master Lease remains unmodified and in full force and effect. In the event of any discrepancy between the Existing Master Lease and this Amendment, the terms and conditions of this Amendment will control and the Existing Master Lease is deemed amended to conform hereto.

[SIGNATURE PAGES AND ACKNOWLEDGEMENTS FOLLOW]

Signature Page to
EIGHTH AMENDMENT TO CONSOLIDATED
AMENDED AND RESTATED MASTER LEASE

LESSOR:

STERLING ACQUISITION CORP.,
a Kentucky corporation

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

STATE OF MARYLAND)

COUNTY OF BALTIMORE)

This instrument was acknowledged before me on the 24th day of March, 2009, by Daniel Booth, the COO of STERLING ACQUISITION CORP., a Kentucky corporation, on behalf of said company.

Judith A. Jacobs
Notary Public, Baltimore County, MD
My commission expires: May 12, 2012

Signature Page to
EIGHTH AMENDMENT TO CONSOLIDATED
AMENDED AND RESTATED MASTER LEASE

LESSEE:

DIVERSICARE LEASING CORP.,
a Tennessee corporation

By: /s/ Glynn Riddle
Name: Glynn Riddle
Title: EVP and CFO

STATE OF TENNESSEE)

COUNTY OF WILLIAMSON)

This instrument was acknowledged before me on the 25th day of March, 2009, by Glynn Riddle, the EVP & CFO of DIVERSICARE LEASING CORP., a Tennessee corporation, on behalf of said company

Jacqueline S. Reed
Notary Public, Tenn. County, Williamson
My commission expires: 1/24/2010

Acknowledgment to
EIGHTH AMENDMENT TO CONSOLIDATED
AMENDED AND RESTATED MASTER LEASE

The undersigned hereby consent to the transactions contemplated by this Eighth Amendment to Consolidated Amended and Restated Master Lease (the "Seventh Amendment"), ratify and affirm their respective Guaranties, Pledge Agreements, Security Agreements, Subordination Agreements and other Transaction Documents, and acknowledge and agree that the performance of the Master Lease and obligations described therein are secured by their Guaranties, Pledge Agreements, Security Agreement, Subordination Agreement and other Transaction Documents on the same terms and conditions in effect prior to this Seventh Amendment.

ADVOCAT, INC. a Delaware corporation

By: /s/ Glynn Riddle
Name: Glynn Riddle
Title: EVP & CFO

STATE OF TENNESSEE)

COUNTY OF WILLIAMSON)

The foregoing instrument was acknowledged before me this 25th day of March, 2009, by Glynn Riddle, who is EVP & CFO of ADVOCAT, INC. a Delaware corporation, on behalf of the corporation, who acknowledged the same to be his or her free act and deed and the free act and deed of the corporation.

Jacqueline S. Reed
Notary Public, Tenn. County, Williamson
My Commission Expires: 1/24/2010

Acknowledgment to
EIGHTH AMENDMENT TO CONSOLIDATED
AMENDED AND RESTATED MASTER LEASE

DIVERSICARE MANAGEMENT SERVICES CO.,
a Tennessee corporation

By: /s/ Glynn Riddle
Name: Glynn Riddle
Title: EVP & CFO

STATE OF TENNESSEE)

COUNTY OF WILLIAMSON)

The foregoing instrument was acknowledged before me this 25th day of March, 2009, by Glynn Riddle, who is EVP & CFO of DIVERSICARE MANAGEMENT SERVICES CO., a Tennessee corporation, on behalf of the corporation, who acknowledged the same to be his or her free act and deed and the free act and deed of the corporation.

Jacqueline S. Reed
Notary Public, Tenn. County, Williamson
My Commission Expires: 1/24/2010

Acknowledgment to
EIGHTH AMENDMENT TO CONSOLIDATED
AMENDED AND RESTATED MASTER LEASE

ADVOCAT FINANCE INC.,
a Delaware corporation

By: /s/ Glynn Riddle
Name: Glynn Riddle
Title: EVP & CFO

STATE OF TENNESSEE)

COUNTY OF WILLIAMSON)

The foregoing instrument was acknowledged before me this 25th day of March, 2009, by Glynn Riddle, who is EVP & CFO of ADVOCAT FINANCE INC., a Delaware corporation, on behalf of the corporation, who acknowledged the same to be his or her free act and deed and the free act and deed of the corporation.

Jacqueline S. Reed
Notary Public, Tenn. County, Williamson
My Commission Expires: 1/24/2010

Acknowledgment to
EIGHTH AMENDMENT TO CONSOLIDATED
AMENDED AND RESTATED MASTER LEASE

STERLING HEALTH CARE
MANAGEMENT, INC., a Kentucky corporation

By: /s/ Glynn Riddle
Name: Glynn Riddle
Title: EVP & CFO

STATE OF TENNESSEE)

COUNTY OF WILLIAMSON)

The foregoing instrument was acknowledged before me this 25th day of March, 2009, by Glynn Riddle, who is EVP & CFO of STERLING HEALTH CARE MANAGEMENT, INC., a Kentucky corporation, on behalf of the corporation, who acknowledged the same to be his or her free act and deed and the free act and deed of the corporation.

Jacqueline S. Reed
Notary Public, Tenn. County, Williamson
My Commission Expires: 1/24/2010

Acknowledgment to
EIGHTH AMENDMENT TO CONSOLIDATED
AMENDED AND RESTATED MASTER LEASE

DIVERSICARE TEXAS I, LLC

By: /s/ Glynn Riddle
Name: Glynn Riddle
Title: EVP & CFO

DIVERSICARE BALLINGER, LLC
DIVERSICARE DOCTORS, LLC
DIVERSICARE ESTATES, LLC
DIVERSICARE HUMBLE, LLC
DIVERSICARE KATY, LLC
DIVERSICARE NORMANDY TERRACE, LLC
DIVERSICARE TREEMONT, LLC

BY: DIVERSICARE TEXAS I, LLC,
its sole member

By: /s/ Glynn Riddle
Name: Glynn Riddle
Title: EVP & CFO

STATE OF TENNESSEE)

COUNTY OF WILLIAMSON)

The foregoing instrument was acknowledged before me this 25th day of March, 2009, by Glynn Riddle, who is EVP & CFO of DIVERSICARE TEXAS I, LLC, on behalf of itself and as the sole member of each of DIVERSICARE BALLINGER, LLC, DIVERSICARE DOCTORS, LLC, DIVERSICARE ESTATES, LLC, DIVERSICARE HUMBLE, LLC, DIVERSICARE KATY, LLC, DIVERSICARE NORMANDY TERRACE, LLC, and DIVERSICARE TREEMONT, LLC, each a Delaware limited liability company, on behalf of the limited liability companies, who acknowledged the same to be his or her free act and deed and the free act and deed of the limited liability companies.

Jacqueline S. Reed
Notary Public, Tenn. County, Williamson
My Commission Expires: 1/24/2010

Exhibit and Schedules to
EIGHTH AMENDMENT TO CONSOLIDATED
AMENDED AND RESTATED MASTER LEASE

Schedule 1

Condemned Property

Part of the Northeast Quarter of the Northeast Quarter of Section 22, Township 3 South; Range 19 West, Garland County, Arkansas, more particularly described as follows:

Commencing at a 2 inch pipe being used as the Northeast sixteenth corner of Section 22: thence North 01 ° 24' 08" East along the West line of the Northeast Quarter of the Northeast Quarter of Section 22 a distance of 517.69 feet to a point on the Northwesterly prescriptive right of way line of Arkansas State Highway 128 as established by Affidavit from AHTD dated December 15, 2004; thence in a Northeasterly direction along said right of way line on a curve to the right having a radius of 425.84 feet a distance of 4.26 feet having a chord bearing of North 62 ° 38' 50" East a distance of 4.26 feet to a point; thence North 62 ° 56' 01" East along said right of way line a distance of 109.43 feet to a point; thence North 64 ° 00' 24" East along said right of way line a distance of 298.50 feet to a point on the Northwesterly right of way line of Arkansas State Highway 128 as established by AHTD Job 061137 for the POINT OF BEGINNING; thence North 10 ° 56' 53" East along said right of way line a distance of 49.99 feet to a point; thence North 66 ° 27' 15" East along said right of way line a distance of 240.21 feet to a point; thence South 65 ° 51' 16" East along said right of way line a distance of 38.96 feet to a point on the Northwesterly prescriptive right of way line of Arkansas State Highway 128 as established by Affidavit from AHTD dated December 15, 2004; thence South 64 ° 10' 43" West along said right of way line a distance of 68.93 feet to a point; thence South 64 ° 00' 24" West along said right of way line a distance of 226.07 feet to the point of beginning and containing 0.21 acres more or less as shown on plans prepared by the AHTD referenced as Job 061137.

End of Description

Exhibit and Schedules to
EIGHTH AMENDMENT TO CONSOLIDATED
AMENDED AND RESTATED MASTER LEASE

EXHIBIT A-9

DESCRIPTION OF LAND

Name of Facility: Garland Nursing and Rehabilitation Center

Facility Address: 610 Carpenter Dam Road
Hot Springs, Arkansas 71901

Name of Facility: Garland Village Apartments

Facility Address: 600 Carpenter Dam Road
Hot Springs, Arkansas 71901

Legal Description:

Garland Nursing and Rehabilitation Center

A part of the NE ¼ NE ¼ of Section 22, Township 3 South, Range 19 West, Garland County, Arkansas, and more particularly described as follows: Commence at the Northwest corner of the said NE ¼ NE ¼ of Section 22; thence South along the West line of said NE ¼ NE ¼ a distance of 281 feet to the point of beginning; thence East 402 feet; thence South 295 feet to the North right-of-way of State Highway No. 128; thence South 63 degrees 25 minutes West along said right-of-way 450 feet to the West line of said NE ¼ NE ¼; thence North 500 feet to the point of beginning. LESS AND EXCEPT the following three tracts of land:

Tract A: Begin at the Northwest corner of the said NE ¼ NE ¼; thence East along the North line thereof a distance of 1,231.5 feet to the West right-of-way line of State Highway No. 128, which is the point of beginning; thence West 10 feet; thence Southwesterly along a line which is parallel to and Northwesterly a distance of 10 feet from said West right-of-way line of State Highway No. 128, as presently located, a distance of 1,515 feet, more or less, to a point on the West line of the said NE ¼ NE ¼ which is 10 feet more or less from said West right-of-way line; thence South along the West line of said NE ¼ NE ¼ to the West right-of-way line; thence Northeasterly along said West right-of-way line a distance of 1,545.50 feet to the point of beginning; being a strip of ground 10 feet wide and adjacent to the West right-of-way of State Highway No. 128 (also known as Carpenter Dam Road) which is the Southeasterly 10 feet of the total tract of real property described in Deeds appearing in Deed Book 919 at Pages 42, 43, 45, 46, 47, 231 and 232, all in the records of the Circuit Clerk and Ex-Officio Recorder of Garland County, Arkansas.

Tract B: Commence at the Northwest corner of the said NE ¼ NE ¼; thence South along the West line of said NE ¼ NE ¼ a distance of 281.0 feet; thence East 300 feet to the point of beginning; thence continue East 102 feet; thence South 211.69 feet; thence South 62 degrees 23 minutes West 31.76 feet; thence North 27 degrees 52 minutes West 158.0 feet; thence North 86.76 feet to the point of beginning.

TRACT NO. C

Part of the Northeast Quarter of the Northeast Quarter of Section 22, Township 3 South; Range 19 West, Garland County, Arkansas, more particularly described as follows:

Commencing at a 2 inch pipe being used as the Northeast sixteenth corner of Section 22: thence North 01 ° 24' 08" East along the West line of the Northeast Quarter of the Northeast Quarter of Section 22 a distance of 517.69 feet to a point on the Northwesterly prescriptive right of way line of Arkansas State Highway 128 as established by Affidavit from AHTD dated December 15, 2004; thence in a Northeasterly direction along said right of way line on a curve to the right having a radius of 425.84 feet a distance of 4.26 feet having a chord bearing of North 62 ° 38' 50" East a distance of 4.26 feet to a point; thence North 62 ° 56' 01" East along said right of way line a distance of 109.43 feet to a point; thence North 64 ° 00' 24" East along said right of way line a distance of 298.50 feet to a point on the Northwesterly right of way line of Arkansas State Highway 128 as established by AHTD Job 061137 for the POINT OF BEGINNING; thence North 10 ° 56' 53" East along said right of way line a distance of 49.99 feet to a point; thence North 66 ° 27' 15" East along said right of way line a distance of 240.21 feet to a point; thence South 65 ° 51' 16" East along said right of way line a distance of 38.96 feet to a point on the Northwesterly prescriptive right of way line of Arkansas State Highway 128 as established by Affidavit from AHTD dated December 15, 2004; thence South 64 ° 10' 43" West along said right of way line a distance of 68.93 feet to a point; thence South 64 ° 00' 24" West along said right of way line a distance of 226.07 feet to the point of beginning and containing 0.21 acres more or less as shown on plans prepared by the AHTD referenced as Job 061137.

Garland Village Apartments

A part of the NE ¼ NE ¼ of Section 22, Township 3 South, Range 19 West, Garland County, Arkansas, and more particularly described as follows:

Commence at the Northwest corner of the said NE ¼ NE ¼ of Section 22; thence South 281.0 feet; thence East 300.0 feet to the point of beginning; thence North 15 feet; thence East 218 feet; thence South 166 feet; thence South 62 degrees 23 minutes West 162.69 feet; thence North 27 degrees 52 minutes West 158.0 feet; thence North 86.74 feet to the point of beginning.

All being the same property conveyed to Omega Healthcare Investors, Inc. by Warranty Deed from Diversicare Corporation of America – Arkansas recorded in Record Book 1452, Page 735, Circuit Clerk and Ex-Officio Recorder, Garland County, Arkansas; and further conveyed to Sterling Acquisition Corp., a Kentucky corporation, by General Warranty Deed recorded in Book 2005, Pages 932-935 in the Office of the Circuit Clerk and Ex-Officio Recorder, Garland County, Arkansas; provided that Tract C above was conveyed to the State of Arkansas pursuant to a Consent Judgment entered in the Circuit Court for the County of Garland, State of Arkansas, and recorded in Book ____, Page ____ in the Office of the Circuit Clerk and Ex-Officio Recorder, Garland County, Arkansas.

FIRST AMENDMENT TO LOAN AGREEMENT
(Maryland Acquisition Loan)

BETWEEN

OHI ASSET III (PA) TRUST, as Lender

and

BEL PRE LEASING CO., LLC
RIDGE (MD) LEASING CO, LLC
MARLBORO LEASING CO., LLC
FAYETTE LEASING CO., LLC
LIBERTY LEASING CO., LLC
HOWARD LEASING CO., LLC
PALL MALL LEASING CO., LLC
WASHINGTON (MD) LEASING CO., LLC
MARYLAND NH ASSET, LLC
as Borrowers

and

OMG RE HOLDINGS, LLC
OMG RE LEASING CO., LLC
OMG ASSET OWNERSHIP, LLC
HEALTH CARE FACILITY MANAGEMENT, LLC
RESIDENT CARE CONSULTING, LLC
as Parent Guarantors

Dated: March 15, 2009

FIRST AMENDMENT TO LOAN AGREEMENT
(Maryland Acquisition Loan)

This First Amendment to Loan Agreement ("Agreement") is dated as of March 15, 2009, and is by and among OHI ASSET III (PA) TRUST, a Maryland business trust ("Lender"), and BEL PRE LEASING CO., LLC, an Ohio limited liability company, RIDGE (MD) LEASING CO., LLC, an Ohio limited liability company, MARLBORO LEASING CO., LLC, an Ohio limited liability company, FAYETTE LEASING CO., LLC, an Ohio limited liability company, LIBERTY LEASING CO., LLC, an Ohio limited liability company, HOWARD LEASING CO., LLC, an Ohio limited liability company, PALL MALL LEASING CO., LLC, an Ohio limited liability company, WASHINGTON (MD) LEASING CO., LLC, an Ohio limited liability company, and MARYLAND NH ASSET, LLC, an Ohio limited liability company (each a "Borrower", and collectively, as the "Borrowers") and OMG RE HOLDINGS, LLC, an Ohio limited liability company ("RE Holdings"), OMG RE LEASING CO, LLC, an Ohio limited liability company ("RE Leasing"), and OMG ASSET OWNERSHIP, LLC, an Ohio limited liability company ("AO"), HEALTH CARE FACILITY MANAGEMENT, LLC, an Ohio limited liability company ("HCFM"), and RESIDENT CARE CONSULTING, LLC, an Ohio limited liability company ("RCC", and together with RE Holdings, RE Leasing, AO, and HCFM each a "Parent Guarantor" and collectively, the "Parent Guarantors").

RECITALS:

A. Borrowers and Parent Guarantors have executed and delivered to Lender a Loan Agreement dated April 18, 2008 (the "Existing Loan Agreement") pursuant to which Lender has made a loan (the "Loan") to Borrowers. The Loan is evidenced by the Note and secured by the Loan Documents (as defined below).

B. Pursuant to 2.9 of the Existing Loan Agreement, on the Loan Closing Date, Borrowers and Lender escrowed the Northwest Funds in contemplation of the acquisition of the Northwest Facility at a later date.

C. Borrowers have determined that they will not be acquiring the Northwest Facility and, as a result, Borrowers are entitled to the release from escrow of the Northwest Funds and the Northwest Allocation Funds.

D. Pursuant to Section 2.9 of the Existing Loan Agreement, upon release to Borrowers of the Northwest Funds and the Northwest Allocation Funds, Borrowers were obligated to repay such funds to Lender.

E. Borrowers and Lender have agreed to (i) the repayment of the Northwest Funds to Lender, and (ii) the addition of the Northwest Allocation Funds to the Escrowed Capex Funds to be held and disbursed pursuant to Section 2.8 of the Existing Loan Agreement.

F. Lender and the Borrowers desire to amend the Existing Loan Agreement as set forth in this Amendment.

NOW THEREFORE, the parties agree as follows:

1. Definitions.

- (a) Any capitalized term used but not defined in this Amendment will have the meaning assigned to such term in the Existing Loan Agreement.
- (b) The following definitions defined in §2.1 of the Existing Loan Agreement are hereby amended in their entirety as follows:

Facility or Facilities: The skilled nursing facilities referred to below, each of which is located on a parcel of real property described in Deeds of Trust:

Facility	Owner	Operator
Bel Pre Health & Rehabilitation Center 2601 Bel Pre Road Silver Spring MD 20906	Maryland NH Asset, LLC	Bel Pre Leasing Co., LLC
Ellicott City Health & Rehabilitation Center 3000 N. Ridge Road Ellicott City MD 21043	Maryland NH Asset, LLC	Ridge (MD) Leasing Co., LLC
Forestville Health & Rehabilitation Center 7420 Marlboro Pike Forestville MD 20747	Maryland NH Asset, LLC	Marlboro Leasing Co., LLC
Franklin Square Health & Rehabilitation Center 1217 W. Fayette Street Baltimore MD 21223	Maryland NH Asset, LLC	Fayette Leasing Co., LLC
Liberty Heights Health & Rehabilitation Center 4017 Liberty Heights Avenue Baltimore MD 21207	Maryland NH Asset, LLC	Liberty Leasing Co., LLC
Marley Neck Health & Rehabilitation Center 7575 E. Howard Road Glen Burnie MD 21060	Maryland NH Asset, LLC	Howard Leasing Co., LLC

2. Section 2.8. Section 2.8 of the Existing Loan Agreement is hereby amended and restated in its entirety as follows:

2 . 8 Escrowed Capital Improvements Funds. As of the date of this Amendment, Lender and Borrowers have escrowed with the Title Company a portion of the Loan equal to Three Million Seven Hundred Seventy Five Thousand Dollars (\$3,775,000) (the "Escrowed Capex Funds") pursuant to an escrow agreement in form and substance acceptable to Borrowers and Lender. Borrowers shall propose the specific Escrow Improvements for Lender's approval, which approval shall not be unreasonably withheld, conditioned or delayed. After receipt of approval as to any specific Escrowed Improvement, the Borrowers shall promptly undertake, and complete each such Escrowed Improvement on or before December 31, 2009; provided, however, that with respect to Scheduled Improvements to the Bel Pre Health & Rehabilitation Center and Marley Neck Health & Rehabilitation Center to be funded from the \$1,400,000 added to the Escrowed Capex Funds on December 2, 2008, such Scheduled Improvement shall be completed on or before December 31, 2010. Upon written certification from Borrowers to Lender that an Scheduled Improvement has been completed, in whole or in part, and upon compliance with the procedures set forth below, so long as no Event of Default or Unmatured Event of Default has occurred and is continuing, Borrowers may withdraw an amount of Escrowed Capex Funds equal to the amount set forth on Schedule 2.8 for such Scheduled Improvement. Any amounts so paid to Borrowers by Lender shall be used first to pay the costs of the Scheduled Improvements. To the extent the actual cost of a Scheduled Improvement exceeds the amount set forth on Schedule 2.8 for such Scheduled Improvement, then Borrowers shall pay such cost themselves.

- (a) Borrowers may not request disbursement of the Escrowed Capex Funds more than once per month;
- (b) With each request for disbursement, Borrowers shall deliver a certification from an officer of Borrowers that no Event of Default or Unmatured Event of Default exists;
- (c) The Scheduled Improvements shall be done pursuant to plans and specifications and a cost statement approved by Lender;
- (d) After the first disbursement to Borrowers, sworn statements and lien waivers in an amount at least equal to the amount of funds previously paid to Borrowers (or lien subordination agreements pursuant to Maryland law) or such other adequate evidence of payment shall be delivered to Lender and the Title Company from all contractors, subcontractors and material suppliers covering all labor and materials invoiced prior to the date of the previous disbursement;
- (e) Borrowers shall deliver to Lender such other evidence as Lender reasonably may request, from time to time during the course of the work on the Scheduled Improvements, of compliance with the approved plans and specifications, of the cost of work and of the total amount needed to complete the Scheduled Improvements, and showing that there are no liens against the Facilities arising in connection with the work with respect to which the cost statement delivered to, and approved by, Lender does not provide for their payment; and
- (f) At the election of Lender, the funds may be disbursed by the Title Company to Borrowers or to the persons entitled to receive payment thereof from Borrowers.

3. Section 2.9. Section 2.9 is hereby amended and restated in its entirety as follows:

2.9 Northwest.

(a) Escrow of Northwest Funds. On the Loan Closing Date, Lender escrowed a portion of the Loan equal to Four Million Nine Hundred Thousand Dollars (\$4,900,000) plus certain closing costs (the "Northwest Funds") with the Title Company pursuant to the terms of the Northwest Escrow Agreement. Notwithstanding anything in this Agreement or the Note to the contrary, Borrowers shall not pay interest on the Northwest Funds until the earlier of (i) the release of the Northwest Funds to Sellers (as defined in the Northwest Escrow Agreement) or (ii) the date that is ninety (90) days after the Loan Closing Date; provided, however, that all interest earned on the Northwest Funds shall be paid over to Lender during such ninety (90) period. On December 2, 2008, Lender received from the Title Company the sum of \$49,056.22 as interest on the Northwest Funds. Lender and Borrowers agree to allocate the interest on the Northwest Funds as follows: \$19,628.02 to Lender and \$29,878.20 to Borrowers. As such, concurrently with the date of this Amendment, Lender shall pay over by wire transfer of immediate funds to Borrowers the sum of \$29,878.20.

(b) Repayment of Northwest Funds. As of the date of this Amendment, (i) Owner determined it would not acquire the Northwest Facility, (ii) Borrowers have caused the Northwest Funds to be paid directly to Lender, (iii) the Northwest Funds have been applied by Lender to the outstanding principal balance of the Loan, and (iv) Lender has not charged Borrowers with a Prepayment Premium in connection with such payment.

(c) Northwest Allocation Funds. Borrowers and Lender originally contemplated that, if the Northwest Facility were not acquired, that the difference between \$1,449,518 less that portion of the Northwest Allocation Funds actually received by Lender would be reallocated among the remaining Facilities in proportion to the number of licensed beds at each remaining Facility bears to the total number of licensed beds at all Facilities, which reallocation would also have increased the Third Year Release Payment and the Seventh Year Release Payment in the amount reallocated to such Facilities. However, instead of such repayment and reallocation, Borrowers and Lenders have agreed to contribute the Northwest Allocation Funds in the amount of \$1,400,000 to the Escrowed Capex Funds as set forth in Section 2 of this Amendment.

4. Section 3.4. Section 3.4 of the Existing Loan Agreement is hereby amended and restated in its entirety as follows:

3.3 Release of Certain Facilities during First Three Years.

(a) On or before the third anniversary of the Closing, provided that (i) no Event of Default has occurred and is continuing under the Loan Documents, (ii) no Unmatured Event of Default has occurred and is continuing, and (iii) Borrowers are selling the Facility or Facilities to an unrelated third party, upon the payment to Lender of the applicable release payment set forth below (each a "Three Years Release Payment"), Lender would agree to release the applicable Facility listed below (each a "Three Years Facility") from the lien of the Loan Documents. No Prepayment Premium would be payable in connection with such prepayment and release. The initial release prices (to be increased by any reallocations as discussed below or any funded capex under Section 2.8) are:

Facility Name	Initial Release Payment
Liberty Heights Health & Rehabilitation Center 4017 Liberty Heights Avenue Baltimore MD 21207	\$ 7,870,070.28
Franklin Square Health & Rehabilitation Center 1217 W. Fayette Street Baltimore MD 21223	\$ 10,689,070.16

Each Third Year Release Payment will increase 2.5% per year (compounding) on each anniversary of the Closing and pursuant to subparagraph (b) below.

(b) If, after exercising reasonable efforts to sell any Three Years Facility, Borrowers are unable to find a buyer willing to pay an amount sufficient to satisfy the applicable Three Years Release Payment, then Lender will accept as a Three Years Release Payment a lower release payment provided that: (i) the release payment is no less than 50% of the otherwise applicable Third Year Release Payment, and (ii) after giving effect to the sale of the Facility and the pay down of the Loan, the Borrowers remain in compliance with the Cash Flow Coverage Ratio and Combined Cash Flow Coverage Ratio required as of the date of the payment. The difference between the actual release payment and the Three Years Release Payment shall be reallocated among the remaining Facilities in proportion to the number of licensed beds at each remaining Facility bears to the total number of licensed beds at all Facilities, which reallocation shall also increase the Third Year Release Payment under this Section and the Seventh Year Release Payment under Section 3.4 in the amount reallocated to such Facilities.

(c) Borrowers must sell the Facilities to unrelated third parties in order for the Facilities to be released from the lien of the Loan Documents pursuant to this Section.

(d) Upon payment of the applicable Third Year Release Payment, the amount of the Security Deposit required under this Agreement and the Master Lease will be reduced by an amount equal to (i) the amount of the applicable Third Year Release Payment actually paid to Lender *multiplied by* (ii) the Interest Rate *divided by* (iii) four (4).

(e) Upon payment of the applicable Third Year Release Payment, Lender shall release the applicable Facility from the Option to Purchase.

5. Section 3.4. Section 3.4 of the Existing Loan Agreement is hereby amended and restated in its entirety as follows:

3.4 Release of Certain Facilities after Seven Years.

(a) During the one year period commencing on the seventh anniversary of the Closing, provided that (i) no Event of Default has occurred and is continuing under the loan documents, (ii) no Unmatured Event of Default has occurred and is continuing, (iii) the prepayment is made concurrently with respect to all such Facilities (to the extent they have not previously been released as provided for in Section 3.3), and (iv) the Lessee Purchase Option is closed concurrently, upon the payment to Seller of \$41,402,379.96 (as such amount may be increased or reduced pursuant to Sections 3.3(b) and 3.4(b)), the "Seventh Year Release Payment", Seller will release the Facilities listed below from the lien of the Loan Documents. No Prepayment Premium would be payable in connection with such prepayment and release. Borrowers would not be obligated to sell the Facilities in connection with such prepayment and release. The Facilities covered by this Section are as follows:

Bel Pre Health & Rehabilitation Center
2601 Bel Pre Road
Silver Spring MD 20906

Liberty Heights Health & Rehabilitation Center
4017 Liberty Heights Avenue
Baltimore MD 21207

Marley Neck Health & Rehabilitation Center
7575 E. Howard Road
Glen Burnie MD 21060

Franklin Square Health & Rehabilitation Center
1217 W. Fayette Street
Baltimore MD 21223

(b) The Seventh Year Release Payment will be reduced by the amount any Third Year Release Payment paid in connection with any of the Seventh Year Facilities which are also Third Year Facilities.

(c) If Borrowers do not sell or otherwise transfer the Facilities to third parties, but instead continue to own and operate them, then upon payment of the Seventh Year Release Payment and release of the Seventh Year Facilities from the lien of the Loan Documents, the ownership of the applicable Borrowers which own or operate such Facilities shall be transferred such that HCREH and the Parent Guarantors no longer own or control such Borrowers. Upon such transfer, Lender will release such Borrowers from their obligations arising under the Loan Document and their guaranty of the Master Lease and the City View Loan.

(d) Upon payment of the Seventh Year Release Payment, the amount of the Security Deposit required under this Agreement and the Master Lease will be reduced by an amount equal to (i) the amount of the Seventh Year Release Payment actually paid to Lender *multiplied by* (ii) the Interest Rate *divided by* (iii) four (4).

(e) Upon payment of the Seventh Year Release Payment, Lender shall release the Facilities covered by this Section from the Option to

Purchase.

6. Representations and Warranties.

(a) Each of Borrower and Parent Guarantor hereby confirms and makes all of the representations and warranties set forth in the Loan Agreement and other Loan Documents with respect to such Borrower or Parent Guarantor, this Amendment and the Loan Documents as of the date hereof and confirms that they are true and correct in all material respects.

(b) Each of Borrower and Parent Guarantor hereby represents and warrants as of the date of this Amendment as follows: (i) it is duly incorporated or organized, validly existing and in good standing under the laws of its jurisdiction of organization; (ii) the execution, delivery and performance by it of this Amendment and the Loan Documents, as applicable, are within its powers, have been duly authorized, and do not contravene (A) its articles of organization, operating agreement, or other organizational documents, or (B) any applicable law; (iii) no consent, license, permit, approval or authorization of, or registration, filing or declaration with any Governmental Authority or other Person (except for those that have already been obtained), is required in connection with the execution, delivery, performance, validity or enforceability of this Amendment or the Loan Documents, as applicable, by or against it; (iv) this Amendment and the Loan Documents, as applicable, have been duly executed and delivered by it; (v) this Amendment and the Loan Documents, as applicable, constitute its legal, valid and binding obligations enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity; (vi) it is not in default under the Loan Agreement and no Event of Default or Unmatured Event of Default exists, has occurred or is continuing, and (vii) Lender has fully performed all of its obligations under each of the Loan Documents through the date of this Agreement, and Lender is in full compliance with its obligations under each of the Loan Documents.

7. Expenses of Lender. Borrowers shall pay all reasonable expenses of Lender incurred in connection with this Amendment, including reasonable attorneys fees and expenses.

8. Execution and Counterparts. This Amendment may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed to be an original, but when taken together shall constitute one and the same Amendment.

9. Entire Agreement. This Amendment, together with the other Loan Documents, constitute the entire agreement of the parties in respect of the subject matter described herein. This Amendment may not be changed or modified except by an agreement in writing signed by the Lender and the Borrowers hereto.

10. Headings. Section headings used in this Amendment are for reference only and shall not affect the construction of the Amendment.

11. Enforceability. Except as expressly and specifically set forth herein, the Existing Loan Agreement remains unmodified and in full force and effect. In the event of any discrepancy between the Existing Loan Agreement and this Amendment, the terms and conditions of this Amendment will control and the Existing Loan Agreement is deemed amended to conform hereto.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

Signature Page to
FIRST AMENDMENT TO LOAN AGREEMENT
(*Maryland Acquisition Loan*)

LENDER:

OHI ASSET III (PA) TRUST

By: OHI Asset (PA), LLC, a Delaware limited liability company, its sole trustee

By: Omega Healthcare Investors, a Maryland corporation, its sole member

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

THE STATE OF MARYLAND)
)
COUNTY OF BALTIMORE)

This instrument was acknowledged before me on the 13th day of March, 2009, by Daniel J. Booth, the Chief Operating Officer of Omega Healthcare Investors, Inc., a Maryland corporation, the sole member of OHI Asset (PA), LLC, a Delaware limited liability company, the sole trustee of OHI Asset III (PA) Trust, a Maryland business trust, on behalf of said business trust.

Judith A. Jacobs

Notary Public, Baltimore County, MD
My commission expires: May 12, 2012

Signature Page to
FIRST AMENDMENT TO LOAN AGREEMENT
(Maryland Acquisition Loan)

BORROWERS:

BEL PRE LEASING CO., LLC
RIDGE (MD) LEASING CO., LLC
MARLBORO LEASING CO., LLC
FAYETTE LEASING CO., LLC
LIBERTY LEASING CO., LLC
HOWARD LEASING CO., LLC
PALL MALL LEASING CO., LLC
WASHINGTON (MD) LEASING CO., LLC
MARYLAND NH ASSET, LLC

By: /s/ Charles R. Stoltz
Name: Charles R. Stoltz
Title: CFO and Treasurer

PARENT GUARANTORS:

OMG RE HOLDINGS, LLC
OMG RE LEASING CO., LLC
OMG ASSET OWNERSHIP, LLC
HEALTH CARE FACILITY MANAGEMENT, LLC
RESIDENT CARE CONSULTING, LLC

By: /s/ Charles R. Stoltz
Name: Charles R. Stoltz
Title: CFO and Treasurer

Signature Page to
FIRST AMENDMENT TO LOAN AGREEMENT
(*Maryland Acquisition Loan*)

STATE OF Ohio)
) ss.
COUNTY OF Hamilton)

The foregoing instrument was acknowledged before me this 2nd day of March 2009, by Charles R. Stoltz, who is the CFO and Treasurer of the limited liability companies listed above, on behalf of all such limited liability companies.

Kathleen M. Portman

Notary Public, Hamilton County, Ohio
My commission expires: March 28, 2012

List of Exhibits to
FIRST AMENDMENT TO LOAN AGREEMENT
(Maryland Acquisition Loan)

EXHIBITS

C Scheduled Improvements

FIRST AMENDMENT TO LOAN AGREEMENT
(Maryland Acquisition Loan)

EXHIBIT C

SCHEDULED IMPROVEMENTS

Facility	Address	City	ST	Allocation of \$3.775M CAP- EX (1)
Bel Pre Health & Rehabilitation Center	2601 Bel Pre Road	Silver Spring	MD	1,050,000.00
Ellicott City Health & Rehabilitation Center	3000 N. Ridge Road	Ellicott City	MD	300,000.00
Forestville Health & Rehabilitation Center	7420 Marlboro Pike	Forestville	MD	425,000.00
Franklin Square Health & Rehabilitation Center (Fayette)	1217 W. Fayette Street	Baltimore	MD	400,000.00
Liberty Heights Health & Rehabilitation Center	4017 Liberty Heights Avenue	Baltimore	MD	300,000.00
Marley Neck Health & Rehabilitation Center	7575 E. Howard Road	Glen Burnie	MD	1,050,000.00
South River Health & Rehabilitation Center	144 Washington Road	Edgewater	MD	250,000.00
Total				\$ 3,775,000

(1) Specific improvements, budgets, and plans must be approved prior to the commencement of any improvement.

