

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF
CARETRUST REIT, INC.**

ADOPTED AS OF MAY 12, 2014

I. PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of CareTrust REIT, Inc. (the "Corporation") is to oversee the accounting and financial reporting processes of the Corporation and its subsidiaries and the audits of the financial statements of the Corporation.

While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit, or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of three or more directors, as determined from time to time by the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of The NASDAQ Stock Market, Inc. ("NASDAQ"), and any additional requirements that the Board deems appropriate. No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board. Each member of the Committee must be able to read and understand fundamental financial statements, including the Corporation's balance sheet, income statement and cash flow statement. In addition, at least one member of the Committee must be designated by the Board to be the "audit committee financial expert," as defined by the Securities and Exchange Commission ("SEC") pursuant to the Sarbanes-Oxley Act of 2002 (the "Act").

The chairperson of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson. The chairperson of this Committee shall (a) chair all meetings of the Committee; (b) set the frequency and length of the meeting(s) and the agenda items to be addressed at each meeting; (c) as appropriate, report the actions taken by the Committee, and any recommendations to the full Board after each Committee meeting; and (d) perform such other activities as from time to time are requested by the Board or as circumstances indicate.

III. MEETINGS OF THE COMMITTEE

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than once every fiscal quarter. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee should meet separately on a periodic basis with (i) management, (ii) the director of the Corporation's internal auditing department or other person responsible for the internal audit function and (iii) the Corporation's independent auditors.

The presence in person, by telephone or by videoconference of a majority of the Committee's members shall constitute a quorum for any meeting of the Committee. All actions of the Committee will require

the vote of a majority of its members present at a meeting of the Committee at which a quorum is present. The Committee shall maintain minutes of its meetings and records relating to those meetings, and shall report regularly to the Board on its activities, as appropriate.

IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee shall have the following duties and responsibilities, and is authorized to take the following actions:

Selection, Evaluation, and Oversight of the Auditors

(a) Be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, and each such registered public accounting firm must report directly to the Committee.

(b) Review and, in its sole discretion, approve in advance the Corporation's independent auditors' annual engagement letter, including the proposed fees contained therein, as well as all audit and, as provided in the Act and the SEC rules and regulations promulgated thereunder, all permitted non-audit engagements and relationships between the Corporation and such independent auditors. Approval of audit and permitted non-audit services will be made by the Committee, or pursuant to pre-approval policies and procedures established by the Committee; provided, that if necessary to approve any services between regularly scheduled meetings of the Committee, any such services may be approved by the chairperson of the Committee, who shall report such approval to the Committee at the next scheduled meeting.

(c) Review the performance of the Corporation's independent auditors, including the lead partner of the independent auditors, and, in its sole discretion, make decisions regarding the replacement or termination of the independent auditors when circumstances warrant.

(d) Meet and discuss with the Corporation's independent auditors (i) the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*, issued by the Public Company Accounting Oversight Board, and (ii) the written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the audit committee concerning independence.

(e) Evaluate the independence of the Corporation's independent auditors by, among other things: (i) obtaining and reviewing from the Corporation's independent auditors a written statement delineating all relationships between the independent auditors and the Corporation; (ii) actively engaging in a dialogue with the Corporation's independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors; and (iii) taking, or recommending that the Board take, appropriate action to oversee the independence of the Corporation's independent auditors.

Oversight of Annual Audit and Quarterly Reviews

(f) Review and discuss with the independent auditors their annual audit plan, including the timing and scope of audit activities, and monitor such plan's progress and results during the year.

(g) Review with management, the Corporation's independent auditors and the director of the Corporation's internal auditing department, the following information which is required to be reported by the independent auditor: (i) all critical accounting policies and practices to be used; (ii) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; (iii) all other material written communications between the independent auditors and management, such as any management letter and any schedule of unadjusted differences; and (iv) any material financial arrangements of the Corporation which do not appear on the financial statements of the Corporation.

(h) Meet to review with management, the Corporation's independent auditors and, if applicable, the director of the Corporation's internal auditing department, if any, the Corporation's annual audited financial statements and quarterly financial statements, including the Corporation's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any major issues related thereto.

(i) Resolve all disagreements between the Corporation's independent auditors and management regarding financial reporting.

Oversight of Financial Reporting Process and Internal Controls

(j) Review the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget, compensation and staffing of the Corporation's internal audit function, through inquiry and discussions with the Corporation's independent auditors and management.

(k) If applicable to the Corporation, review the yearly report prepared by management, and attested to by the Corporation's independent auditors, assessing the effectiveness of the Corporation's internal control over financial reporting and stating management's responsibility for establishing and maintaining adequate internal control over financial reporting prior to its inclusion in the Corporation's Annual Report on Form 10-K.

(l) Review with the chief executive officer, chief financial officer and independent auditors, periodically, the following: (i) 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 Corporation's ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal control over financial reporting.

(m) Discuss guidelines and policies governing the process by which senior management of the Corporation and the relevant departments of the Corporation, including the internal auditing department, assess and manage the Corporation's exposure to risk, as well as the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.

(n) Review with management the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, direct the Corporation's chief executive officer to assign additional internal audit projects to the director of the Corporation's internal auditing department.

(o) Receive periodic reports from the Corporation's independent auditors, management and director of the Corporation's internal auditing department, if any, to assess the impact on the Corporation of significant accounting or financial reporting developments that may have a bearing on the Corporation.

(p) Review and discuss with the independent auditors the results of the year-end audit of the Corporation, including any comments or recommendations of the Corporation's independent auditors and, based on such review and discussions and on such other considerations as it determines appropriate, recommend to the Board whether the Corporation's financial statements should be included in the Annual Report on Form 10-K.

(q) Establish and maintain free and open means of communication between and among the Committee, the Corporation's independent auditors, the Corporation's internal auditing department and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis.

(r) Review the type and presentation of information to be included in the Corporation's earnings press releases (especially the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting principles), as well as financial information and earnings guidance provided by the Corporation to analysts and rating agencies (which review may be done generally (i.e., discussion of the types of information to be disclosed and type of presentations to be made), and the Committee need not discuss in advance each earnings release or each instance in which the Corporation may provide earnings guidance).

Miscellaneous

(s) Establish and implement policies and procedures for the Committee's review and approval or disapproval of proposed transactions or courses of dealing with respect to which any related parties, including executive officers or directors or members of their immediate families, have an interest (including all transactions required to be disclosed by Item 404(a) of Regulation S-K).

(t) Establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(u) Establish procedures for the receipt, retention and treatment of reports of evidence of a material violation made by attorneys appearing and practicing before the SEC in the representation of the Corporation or any of its subsidiaries, or reports made by the Corporation's chief executive officer or general counsel in relation thereto.

(v) Meet periodically with counsel to review legal and regulatory matters, including (i) any matters that may have a material impact on the financial statements of the Corporation, (ii) any complaints received by the Corporation regarding internal accounting controls or auditing matters, and (iii) any matters involving potential or ongoing material violations of law or breaches of fiduciary duty by the Corporation or any of its directors, officers, employees, or agents or breaches of fiduciary duty to the Corporation.

(w) Prepare the audit committee report required by the rules of the SEC to be included in the Corporation's annual proxy statement.

V. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend such changes as it deems necessary or appropriate. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner. The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Corporation's or the Board's policies or procedures.

VI. RESOURCES

The Committee shall have the authority to conduct or commission investigations into any matters brought to its attention and within the scope of the duties and responsibilities delegated to the Committee. The Committee shall have authority to retain such outside counsel, experts and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms. The Corporation will provide for appropriate funding, as determined by the Committee, for the payment of compensation to the independent auditors, any advisors employed by the Committee and the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee may also utilize the services of the Corporation's regular legal counsel or other advisors.

VII. DELEGATION OF AUTHORITY

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee, or any member of the Committee, to the extent consistent with the Corporation's charter and bylaws, applicable law, rules and regulations and the rules of NASDAQ.