



North Carolina Department of Health and Human Services
Division of Health Service Regulation

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Governor

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Secretary DHHS

Drexdal Pratt
Division Director

April 9, 2015

Jodi S. Knox
300 North Greene Street
Suite 1900
Greensboro, NC 27401

Exempt from Review – Acquisition of Facility

Facility: The Fountains at The Albemarle
Type of Facility: Skilled Nursing
Acquisition by: Watermark Albemarle Owner, LLC
County: Edgecombe
FID #: 953485

Dear Ms. Knox:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of March 23, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, Watermark Albemarle Owner, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Agency's Nursing Home Licensure and Certification Section to obtain instructions for changing ownership of the existing facility. Note that pursuant to G.S. 131E-181(b): *"A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need."*

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Bernetta Thorne-Williams
Bernetta Thorne-Williams
Project Analyst

Martha J. Frisone
Martha J. Frisone,
Assistant Chief, Certificate of Need

cc: Nursing Home Licensure and Certification Section, DHHS
Assistant Chief, Healthcare Planning



Healthcare Planning and Certificate of Need Section
www.ncdhhs.gov
Telephone: 919-855-3873 • Fax: 919-733-8139
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Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704
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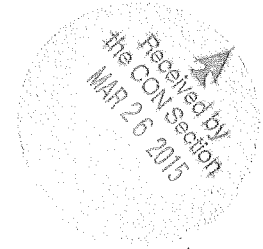
Telephone: (336) 574-8030
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FID# 953485

Handwritten initials

Jodi S. Knox
Direct Dial: (336)574-8059
Direct Fax: (336)574-4549
E-mail: jknox@wcsr.com

March 23, 2015



Via Federal Express

Mrs. Martha Frisone, Chief
North Carolina Department of Health and Human Services
Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
809 Ruggles Drive
Raleigh, North Carolina 27603

Re: *Notice of Exempt Acquisition of The Fountains at The Albemarle pursuant to Section 131E-184(a)(8) of the North Carolina General Statutes*

Dear Mrs. Frisone:

We are writing on behalf of our client, Watermark Retirement Communities, Inc., to provide notice to the N.C. Department of Health and Human Services, Division of Health Service Regulation, Healthcare Planning and Certificate of Need Section (the "Agency") of a transaction involving The Fountains at The Albemarle (License Number NH0352; Facility ID 953485), a licensed skilled nursing facility located at 200 Trade Street, Tarboro (Edgecombe County), North Carolina 27886 (the "Facility"). The Facility consists of 86 nursing facility beds and 56 adult care home beds (of which 18 are special care unit beds).

The real property upon which the Facility is situated is currently owned by Fountains Albemarle SL, LLC. The Facility is currently operated by Fountains Albemarle SL, LLC (the "Current Licensed Operator"). Watermark Retirement Communities, Inc. currently manages the Facility pursuant to a management agreement with the Current Licensed Operator.

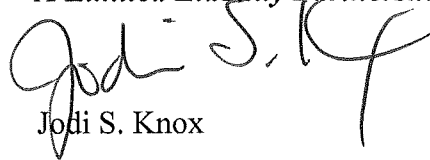
Pursuant to the transaction, the real estate will be sold to Watermark Albemarle Owner, LLC (the "Real Property Buyer"), pursuant to a purchase and sale agreement, who will then, in turn, lease the Facility to Watermark Albemarle, LLC (the "New Licensed Operator"). The transaction is part of a larger transaction involving multiple facilities in several different states and is scheduled to close on June 1, 2015. Following the conclusion of the transaction, the New Licensed Operator will operate the Facility as a skilled nursing facility and the Facility will continue to be managed by Watermark Retirement Communities, Inc. pursuant to a management agreement with the New Licensed Operator.

The acquisition of the Facility will not involve the development of any new health service facility or otherwise qualify as a "new institutional health service" which would be subject to review under applicable Certificate of Need statutes or regulations. Pursuant to this letter, the Real Property Buyer and the New Licensed Operator hereby request that the Agency confirm that the acquisition of the real estate and the Facility is exempt from Certificate of Need review and approval pursuant to Section 131E-184(a)(8) of the North Carolina General Statutes.

We would be very appreciative if this reply could be expedited since the New License Operator will need to apply for a new skilled nursing home license for the Facility. If you require additional information, please contact me at (336)574-8059. Thank you for your consideration of this request.

Best regards,

WOMBLE CARLYLE SANDRIDGE & RICE
A Limited Liability Partnership



Jodi S. Knox