



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Drexdal Pratt
Division Director

REVISED

December 14, 2015 (Revised)
September 25, 2015

Douglas M. Hance
171 17th Street NW, Suite 2100
Atlanta, GA 30363-1031

Exempt from Review – Acquisition of Facility

Record #: See Attachment A
Facility Name: See Attachment A
Type of Facility: Nursing Home
FID #: See Attachment A
Acquisition by: See Attachment A
Business #: See Attachment A
County: See Attachment A

Dear Mr. Hance:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of September 8, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S. 131E-184(a)(8). Therefore, the entities listed in Attachment A may proceed to acquire the health service facilities referenced in Attachment A 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,

Julie Halatek
Project Analyst

Martha J. Frisone,
Assistant Chief, Certificate of Need

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

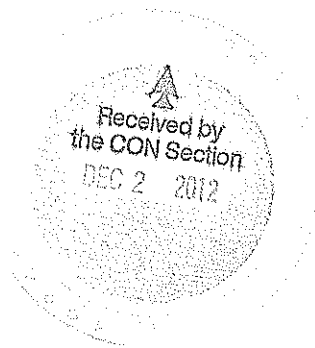


REVISED

ATTACHMENT A

Please note: This table contains only the facilities listed in the request for exemption letter that have real estate being acquired by a new owner. Facilities listed in the request for exemption letter that do not have any ownership changes are not included below.

| Record # | County | Name of Facility | FID # | Operator | Bus. # | Real Property Acquired By: |
|-----------------|---------------|--|--------------|------------------------------|---------------|-----------------------------------|
| 1734 | Wake | Cary Health and Rehabilitation Center | 923078 | Cary HealthCare LLC | 2290 | FC Encore Cary, LLC |
| 1735 | Gates | Down East Health and Rehabilitation Center | 923158 | Down East Health Care LLC | 2291 | Encore NC, LLC |
| 1736 | Stanly | Forrest Oakes Healthcare Center | 923154 | Forrest Oakes HealthCare LLC | 2292 | FC Encore Albemarle, LLC |
| 1737 | Rutherford | Oak Grove Healthcare Center | 923379 | Oak Grove HealthCare LLC | 2293 | FC Encore Rutherfordton, LLC |
| 1738 | Cabarrus | Transitional Health Services of Kannapolis | 923060 | Kannapolis HealthCare LLC | 2294 | FC Encore Kannapolis, LLC |
| 1739 | Cherokee | Valley View Care and Rehabilitation Center | 923155 | Valley View HealthCare LLC | 2295 | FC Encore Andrews, LLC |
| 1740 | Randolph | Westwood Health and Rehabilitation Center | 923156 | Westwood HealthCare LLC | 2296 | FC Encore Archdale, LLC |
| 1741 | Yadkin | Willowbrook Rehabilitation and Care Center | 923563 | Willowbrook HealthCare LLC | 2297 | FC Encore Yadkinville, LLC |
| 1742 | Mecklenburg | Wilora Lake Healthcare Center | 923567 | Wilora Lake HealthCare LLC | 2298 | FC Encore Charlotte, LLC |



Atlanta Office
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E-mail: doug.hance@agg.com

December 1, 2015

VIA UPS

Ms. Martha Frisone
Assistant Section Chief
NC Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
809 Ruggles Drive
Raleigh, NC 27603

Re: Nursing Facilities/ Real Estate Transaction

Dear Ms. Frisone:

This follows our prior correspondence dated September 8, 2015 and your response dated September 25, 2015 (attached for your reference). Please note that the Real Estate Transaction discussed in our prior correspondence has been delayed but is still scheduled to close in the near future. We will update you once the Real Estate Transaction has occurred.

Additionally, I am writing to correct the proposed real estate owner identified in Attachment A of our prior correspondence for three facilities. Specifically, our prior correspondence incorrectly identified the proposed real estate owner for Down East Health and Rehabilitation Center, Westwood Health and Rehabilitation Center, and Wilora Lake Healthcare Center. The proposed real estate entities for these facilities are as follows:

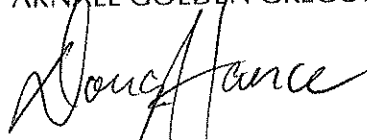
| Facility Name and Address | Proposed Real Estate Owner |
|--|----------------------------|
| Down East Health and Rehabilitation Center 38 Carters Road Gatesville, NC 27938-9302 | Encore NC, LLC |
| Westwood Health and Rehabilitation Center 625 Ashland Street Archdale, NC 27263-2943 | FC Encore Archdale, LLC |
| Wilora Lake Healthcare Center 6001 Wilora Lake Road Charlotte, NC 28212-2833 | FC Encore Charlotte, LLC |

We understand that this updated information does not impact your office's response dated September 25, 2015 and that no additional filings are required by your office. Please let us know, however, if our understanding is incorrect. Unless we hear otherwise, we plan to proceed with the Real Estate Transaction and will notify you after the transaction has occurred.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to contact me.

Sincerely,

ARNALL GOLDEN GREGORY LLP



Douglas M. Hance

cc: Ms. Tracey Cosby
Hedy Rubinger, Esq.



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

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September 25, 2015

Douglas M. Hance
171 17th Street NW, Suite 2100
Atlanta, GA 30363-1031

Exempt from Review – Acquisition of Facility

Record #: See Attachment A
Facility Name: See Attachment A
Type of Facility: Nursing Home
FID #: See Attachment A
Acquisition by: See Attachment A
Business #: See Attachment A
County: See Attachment A

Dear Mr. Hance:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of September 8, 2015, the above referenced proposal is exempt from certificate of need review in accordance with G.S. 131E-184(a)(8). Therefore, the entities listed in Attachment A may proceed to acquire the health service facilities referenced in Attachment A 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,


Julie Halatek
Project Analyst


Martha J. Frisone,
Assistant Chief, Certificate of Need

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



Healthcare Planning and Certificate of Need Section

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September 8, 2015

VIA UPS

Ms. Martha Frisone
Assistant Section Chief
NC Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
809 Ruggles Drive
Raleigh, NC 27603

Re: Nursing Facilities/ Real Estate Transaction

Dear Ms. Frisone:

This is to inform you of a proposed real estate transaction (the "Real Estate Transaction") involving the nursing facilities listed in Attachment A (the "Facilities"). The Real Estate Transaction is scheduled to occur on or about October 31, 2015.

The Real Estate Transaction will not impact the licensed operators or the ownership of the licensed operators. The Real Estate Transaction will only involve a change to the real estate ownership of the Facilities and/or a change to the Facilities' lease arrangements. Please note that this letter supersedes all previously filed information regarding the Facilities' real estate ownership and lease arrangements. The operators will continue to exist, their current Medicare/Medicaid provider agreements will remain in place, and their federal tax identification numbers will not change.

We understand that no additional filings regarding the Real Estate Transaction are required by your office and that we may proceed with the Real Estate Transaction. **We respectfully request a letter or email acknowledgment from your office confirming our understanding.**

For your convenience, I have enclosed a stamped, self-addressed envelope and a copy of this letter for your signature in the space provided below indicating confirmation of our understanding, as stated above.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to contact me.

Sincerely,

ARNALL GOLDEN GREGORY LLP



Douglas M. Hance

cc: Ms. Tracey Cosby
Hedy Rubinger, Esq.

**NC Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section**

Signature: _____

Printed Name: _____

Title: _____

Date: _____

ATTACHMENT A

NORTH CAROLINA NURSING FACILITIES

| Facility Name and Address | Facility Operator | Proposed Real Estate Owner |
|--|---|--|
| Cardinal Healthcare and Rehabilitation Center 931 North Aspen Street Lincolnton, NC 28092-2113 | Cardinal North Carolina Healthcare, LLC | Elderberry of Lincolnton, LLC <i>(remaining the same)</i> |
| Cary Health and Rehabilitation Center 6590 Tryon Road Cary, NC 27518-7052 | Cary Healthcare, LLC | FC Encore Cary, LLC |
| Clay County Care Center 86 Valley Hideaway Drive Hayesville, NC 28904-9674 | Clay County Healthcare, LLC | Elderberry of Hayesville, LLC <i>(remaining the same)</i> |
| Down East Health and Rehabilitation Center 38 Carters Road Gatesville, NC 27938-9302 | Down East Healthcare, LLC | FC Encore Properties B, LLC |
| Emerald Ridge Rehabilitation and Care Center 25 Reynolds Mountain Boulevard Asheville, NC 28804-1270 | Emerald Ridge Healthcare, LLC | CSE Woodfin LP <i>(remaining the same)</i> |
| Forrest Oakes Healthcare Center 620 Heathwood Drive Albemarle, NC 28001-8604 | Forrest Oakes Healthcare, LLC | FC Encore Albemarle, LLC |
| Gateway Rehabilitation and Healthcare | Gateway Healthcare, LLC | CSE Lenoir LP <i>(remaining the same)</i> |

| Facility Name and Address | Facility Operator | Proposed Real Estate Owner |
|---|---------------------------------------|---|
| 2030 Harper Avenue, NW Lenoir, NC 28645-4953 | | |
| Hunter Woods Nursing and Rehabilitation Center 620 Tom Hunter Road Charlotte, NC 28213-5511 | Hunter Woods Healthcare, LLC | Elderberry of Charlotte, LLC <i>(remaining the same)</i> |
| Oak Grove Healthcare Center 518 Old US Highway 221 Rutherfordton, NC 28139-8670 | Oak Grove Healthcare, LLC | FC Encore Rutherfordton, LLC |
| Oaks at Sweeten Creek, The 3864 Sweeten Creek Road Arden, NC 28704-3136 | Oaks at Sweeten Creek Healthcare, LLC | CSE Arden LP <i>(remaining the same)</i> |
| Transitional Health Services of Kannapolis 1810 Concord Lake Road Kannapolis, NC 28083-0434 | Kannapolis Healthcare, LLC | FC Encore Kannapolis, LLC |
| Valley View Care and Rehabilitation Center 551 Kent Street Andrews, NC 28901-8088 | Valley View Healthcare, LLC | FC Encore Andrews, LLC |
| Walnut Cove Health and Rehabilitation Center 511 Windmill Street Walnut Cove, 27052 | Walnut Cove Healthcare, LLC | CSE Walnut Cove LP <i>(remaining the same)</i> |
| Wellington Rehabilitation and Healthcare 1000 Tandall Place Knightdale, NC 27545-8842 | Wellington Healthcare, LLC | CSE Knightdale LP <i>(remaining the same)</i> |
| Westwood Health and Rehabilitation Center 625 Ashland Street | Westwood Healthcare, LLC | FC Encore Properties B, LLC |

| Facility Name and Address | Facility Operator | Proposed Real Estate Owner |
|---|-----------------------------|-----------------------------|
| Archdale, NC 27263-2943 | | |
| Willowbrook Rehabilitation and Care Center 333 East Lee Avenue Yadkinville, NC 27055-8132 | Willowbrook Healthcare, LLC | FC Encore Yadkinville, LLC |
| Wilora Lake Healthcare Center 6001 Wilora Lake Road Charlotte, NC 28212-2833 | Wilora Lake Healthcare, LLC | FC Encore Properties B, LLC |