



North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section

2704 Mail Service Center • Raleigh, North Carolina 27699-2704

<http://www.ncdhhs.gov/dhsr/>

Drexdal Pratt, Director

Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Craig R. Smith, Section Chief
Phone: (919) 855-3873
Fax: (919) 733-8139

October 29, 2012

Ms. Randi S. Nathanson
Special Regulatory Counsel to Emeritus
The Nathanson Group PLLC
One Union Square
600 University Street, Suite 2000
Seattle, Washington 98101-1195

Exempt from Review

Facility: Churchill Senior Living Community
Project Description: Acquisition of Emeritus at Churchill by HCP SHE ELP2 Properties, LLC ("RealCo")
County: Iredell
FID#: 001199

Dear Ms. Nathanson:

In response to your letter of October 19, 2012, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, HCP SHE ELP2 Properties, LLC ("RealCo") may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact the Adult Care Licensure Section of the Division of Health Service Regulation to obtain instructions for changing ownership of the existing facility. Note that pursuant to N.C.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,

Gloria C. Hale
Project Analyst

Craig R. Smith, Chief
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR



T H E N A T H A N S O N G R O U P P L L C
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ONE UNION SQUARE, 600 UNIVERSITY STREET, SUITE 2000, SEATTLE, WASHINGTON 98101-1195
TELEPHONE : 206 623 6239 / FACSIMILE : 206 623 1738
WWW.NATHANSONGROUP.COM

October 19, 2012



VIA Federal Express

Mr. Craig Smith, Chief
NC DHSR, CON Section
2704 Mail Service Center
Raleigh, North Carolina 27696-2704

Re: Notice of Exemption – Change in Ownership for Churchill Senior Living Community located at 140 Carriage Club Drive, Morresville, North Carolina, licensee Emeritus Corporation (License No. HAL-049-029)

Dear Mr. Craig:

We are counsel to Emeritus Corporation (“Emeritus”). Emeritus is licensed to operate the above referenced adult care home (the “Facility”). The Facility has been owned since August, 2010 by BRE/SW Churchill (the “Current Real Estate Owner”). At the time of its acquisition of the Facility, the Current Real Estate Owner entered into a Management Agreement with Emeritus pursuant to which Emeritus, in its capacity as the licensed operator of the Facility, assumed responsibility for the day to day operation of the Facility.

Emeritus recently announced a real estate restructuring transaction that will affect the Facility (the “Real Estate Restructuring”). Under the terms of the Real Estate Restructuring, the following will occur:

The Current Real Estate Owner will sell the Facility to HCP SHE ELP2 Properties, LLC (“RealCo”), the existing Management Agreement will be terminated, RealCo will concurrently lease the Facility back to Emeritus and Emeritus, in its capacity as the lessee (as compared to manager) and the continuing licensed operator of the Facility, will remain responsible for the day to day operation of the Facility.

This letter constitutes prior written notice by RealCo of its intent to acquire the real estate (“bricks and mortar”) of the Facility and become the property owner.

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Pursuant to N.C. Gen. Stat. §131E-184(a)(8), purchase of the bricks and mortar of the Facility by RealCo constitutes an acquisition of an existing health service facility and is therefore exempt from certificate of need review.

RealCo has advised us that they would like to close the Real Estate Restructuring, which involves a total of 133 facilities located in 30 states, on October 31, 2012 (the "Proposed Closing Date"). Accordingly, in light of the fact that there will be no change in the licensee of, or operations at, the Facility, we would appreciate receiving as soon as possible your written confirmation that RealCo's acquisition of the Facility is exempt under the CON Act and no certificate of need is required.

Please let us know if you have any questions or need additional information. Thank you in advance for your cooperation. I look forward to hearing from you.

Sincerely,



Randi S. Nathanson
Special Regulatory Counsel to Emeritus

cc: Brian Maas
Alan Schabes
Ari Markenson