



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

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Division Director

December 10, 2014

J. Gregory Giffen  
333 Commerce Street, Suite 1500  
Nashville, Tennessee 37201

**Exempt from Review – Acquisition of Facility**

Facility: Homestead Hills Assisted Living  
Type of Facility: Adult Care Home  
Acquisition by: NHI-REIT of Seaside, LLC  
County: Forsyth  
FID #: 930565

Dear Mr. Giffen:

In response to your letter of December 2, 2014, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, NHI-REIT of Seaside, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. However, you need to contact 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 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,

Kim Randolph  
Project Analyst

Martha J. Frisone, Interim Chief  
Certificate of Need Section

cc: Medical Facilities Planning Branch, DHSR  
Adult Care Licensure Section, DHSR



**Certificate of Need Section**

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

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J. GREGORY GIFFEN  
DIRECT DIAL 615-251-1061  
EMAIL JGG@H3GM.COM

December 2, 2014

**VIA EMAIL**

Ms. Kim Randolph  
Certificate of Need Section  
Division of Health Service Regulation  
North Carolina Department of Health and Human Services  
2704 Mail Service Center (27699-2704)  
809 Ruggles Drive  
Raleigh, North Carolina 27603  
E-mail: [kimberly.randolph@dhhs.nc.gov](mailto:kimberly.randolph@dhhs.nc.gov)



**Re: Request for Exemption Pursuant to N.C.G.S. § 131E-184(a)(8) - Acquisition of Existing Health Service Facilities (Homestead Hills – Facility I.D. No. 110427)**

Dear Ms. Randolph:

We represent NHI-REIT of Seaside, LLC (the “Buyer”), which is a wholly owned subsidiary of National Health Investors, Inc., a real estate investment trust (NYSE: NHI). The Buyer has entered into an Asset Purchase Agreement dated December 1, 2014 with Senior Living Communities, LLC (“SLC”) and certain of its wholly owned subsidiaries, including Homestead Hill Retirement Limited Partnership (“Homestead LP”), pursuant to which the Buyer will acquire, among other things, the land, buildings and fixed assets (excluding vehicles and leased equipment) (the “Real Estate”) relating to two existing health service facilities: a 66-bed adult care home known as “Homestead Hills Assisted Living” (License No. HAL-034-023) and a 40-bed nursing home known as “Homestead Hills” (License No: NH0633), both of which are located at 2101 Homestead Hills Drive in Winston-Salem, North Carolina. The closing of this acquisition is expected to occur on December 19, 2014, or as soon as possible thereafter, but in no event later than December 31, 2014.

Homestead LP is the licensed operator of the adult care home and the nursing home, which Homestead LP operates pursuant to a sublease of the Real Estate from its parent, SLC. SLC leases the Real Estate from Health Care REIT, Inc. (NYSE: HCN), a real estate investment trust, and its subsidiary, HCRI North Carolina Properties III, Limited Partnership (collectively, the “Existing Landlord”). Upon the closing of the acquisition, the Existing Landlord will convey the Real Estate to the Buyer, the Buyer will lease the Real Estate to SLC, SLC will sublease the

Ms. Kim Randolph  
December 2, 2014  
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Real Estate to Homestead LP and Homestead LP will continue to be the licensed operator of the adult care home and the nursing home.

Each of the adult care home and the nursing home is a "health service facility" as defined in N.C.G.S. § 131E-176(9b). N.C.G.S. § 131E-184(a)(8) provides that, upon receiving prior written notice, the Certificate of Need Section shall exempt from certificate of need review the acquisition of "an existing health service facility, including equipment owned by the health service facility at the time of acquisition."

The purpose of this letter is to provide the prior written notice of the acquisition of the Homestead Hills adult care home and nursing home required under N.C.G.S. § 131E-184(a)(8). On behalf of the Buyer, we hereby request that you issue a letter confirming that the acquisition of these existing health service facilities by the Buyer is exempt from certificate of need review pursuant to N.C.G.S. § 131E-184(a)(8).

Thank you in advance for your prompt consideration of this request. As indicated above, the parties intend to close the acquisition on December 19, 2014, and we request a response from you before that date, if possible.

Please contact me if you have any questions or need any additional information.

Best regards

Sincerely,

HARWELL HOWARD HYNE  
GABBERT & MANNER, P.C.



J. Gregory Giffen

JGG/dcp