



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

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

March 21, 2014

Neil Hoffman
Arnall, Golden, and Gregory, LLP
171 17th Street Northwest
Atlanta, GA 30363

No Review

Facility or Business: Falls River Court Memory Care Community
Project Description: Change in ownership interests in parent company
County: Wake
FID #: 980873

Dear Mr. Hoffman:

The Certificate of Need Section (CON Section) received your letter of March 14, 2014 regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

Moreover, you need to contact the Adult Care Licensure Section of the Division of Health Service Regulation to determine if they have any requirements for development of the proposed project.

It should be noted that this determination is binding only for the facts represented by you. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by the Certificate of Need Section. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

Certificate of Need Section

www.ncdhhs.gov

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

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

An Equal Opportunity/ Affirmative Action Employer



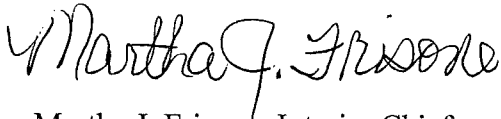
Mr. Hoffman
March 21, 2014
Page 2

Please contact the CON Section if you have any questions. Also, in all future correspondence you should reference the Facility I.D. # (FID) if the facility is licensed.

Sincerely,



Michael J. McKelip, Project Analyst



Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Adult Care Licensure Section, DHSR

**Arnall
Golden
Gregory LLP**

Received by
the CON Section
MARCH 8 2014

neke

Atlanta Office
171 17th Street NW, Suite 2100
Atlanta, GA 30363-1031
Direct phone: 404.873.8594
Direct fax: 404.873.8595
E-mail: neil.hoffman@agg.com

March 14, 2014

VIA FEDERAL EXPRESS MAIL

Mr. Craig Smith
State of North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
809 Ruggles Drive
Raleigh, North Carolina 27603

Re: North Carolina Assisted Living Facilities / Proposed Change in Certain Indirect Owners

Dear Mr. Smith:

I am writing on behalf of the assisted living facilities (adult care homes) listed in Attachment A (the "Facilities") to inform you of a change of certain indirect owners of the operator and the entity that owns the real estate of the Facilities, which is scheduled to occur on or about May 1, 2014.

The proposed change of certain indirect owners will occur at the investor level. There will be no change to the operators as the licensee or Medicaid providers and no change to the real estate entities themselves. The operators will continue to exist, and their federal tax identification numbers will not change. Additionally, the change in certain indirect owners will have no impact on the services provided, the number of beds, or the charges for services provided at the Facilities. The proposed change is noted on the attached diagram.

It is our understanding that the proposed change of certain indirect owners, described above and reflected in the diagram attached as Attachment B, does not constitute a change of ownership that would require certificate of need review, that no additional filings are required prior to these changes taking place, and that we may proceed with consummating the proposed changes as scheduled. **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.

Sincerely,

ARNALL GOLDEN GREGORY LLP


Neil W. Hoffman, J.D., Ph.D.

Enclosure

cc: Christina Firth (w/encl.)
Jenny Neslin, Esq. (w/encl.)
Hedy Rubinger, Esq. (w/encl.)

**NORTH CAROLINA DEPARTMENT OF HEALTH
AND HUMAN SERVICES,
DIVISION OF HEALTH SERVICES REGULATION,
CERTIFICATE OF NEED SECTION**

Signature: _____

Printed Name: _____

Title: _____

Date: _____

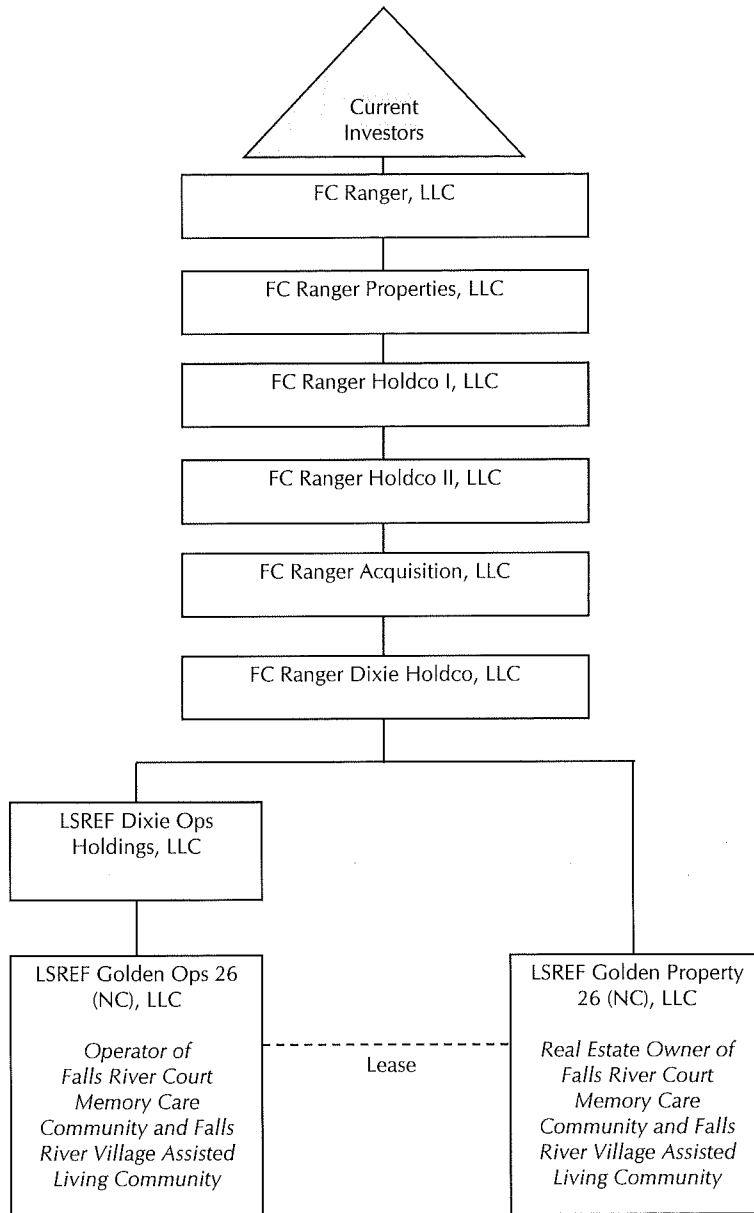
ATTACHMENT A

Facility Name & Address	Facility Operator	Current RE Owner	New RE Owner
Falls River Court Memory Care Community 1130 Falls River Avenue Raleigh, NC 27614	LSREF Golden Ops 26 (NC), LLC	LSREF Golden Property 26 (NC), LLC	No change
Falls River Village Assisted Living Community 1110 Falls River Avenue Raleigh, NC 27614	LSREF Golden Ops 26 (NC), LLC	LSREF Golden Property 26 (NC), LLC	No change

ATTACHMENT B

NORTH CAROLINA

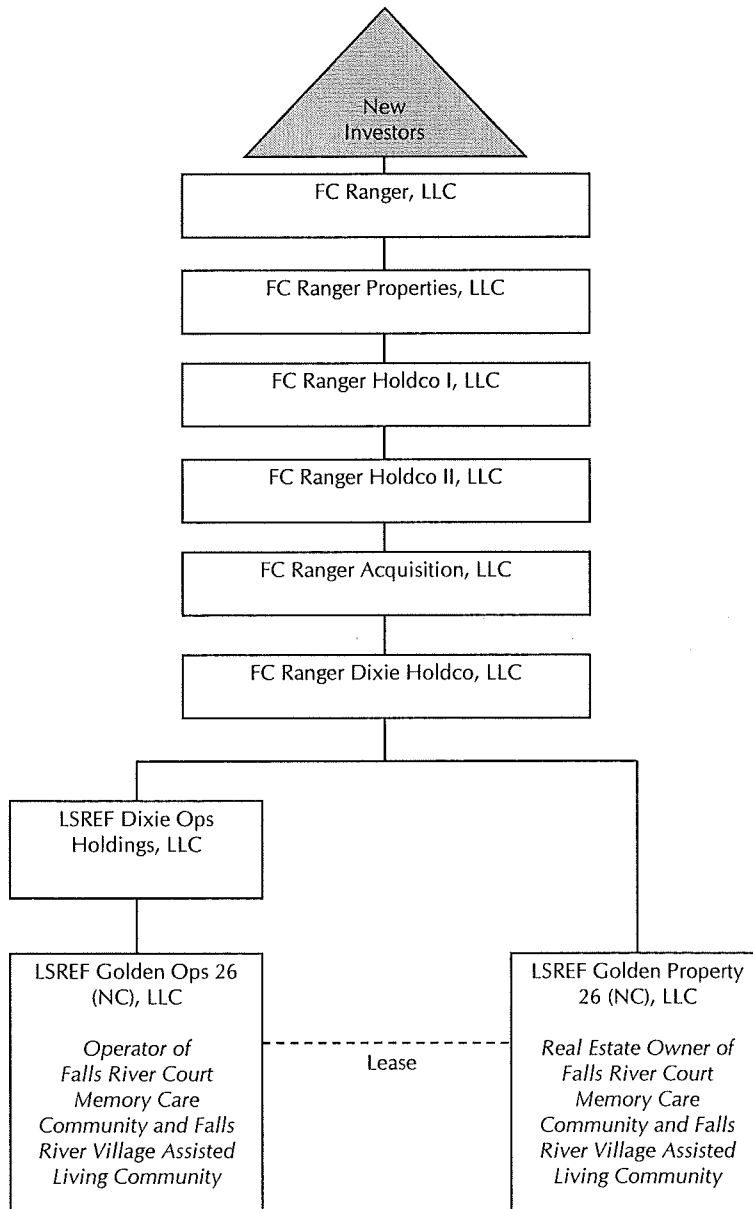
CURRENT



ATTACHMENT B

NORTH CAROLINA

PROPOSED



*Certain current investors may remain as investors following the transaction.