



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

Pat McCrory  
Governor

Richard O. Brajer  
Secretary DHHS

Mark Payne  
Assistant Secretary for Audit and  
Health Service Regulation

July 27, 2016

Katherine E. Potter  
Senior Vice President and General Counsel  
Five Star Quality Care, Inc.  
400 Centre Street  
Newton, MA 02458-2076

**Exempt from Review – Acquisition of Facility**

**Record #:** See Attachment A  
**Facility Name:** See Attached  
**Type of Facilities:** Adult Care Homes  
**FID #:** See Attachment A  
**Acquisition by:** SNH/LTA Properties Trust  
**Business #:** 2434  
**County:** See Attachment A

Dear Ms. Potter:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) determined that based on your letter of June 28, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(8). Therefore, SNH/LTA Properties Trust may proceed to acquire the attached referenced health service facilities without first obtaining a certificate of need. However, you need to contact the Agency's Adult Care Licensure 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.



**Healthcare Planning and Certificate of Need Section**

[www.ncdhhs.gov](http://www.ncdhhs.gov)

Telephone: 919-855-3873 • Fax: 919-715-4413


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

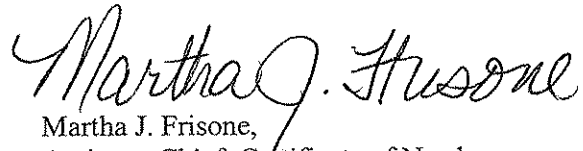
Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

An Equal Opportunity/ Affirmative Action Employer



Sincerely,

  
Gregory Yakaboski  
Project Analyst

  
Martha J. Frisone,  
Assistant Chief, Certificate of Need

cc: Adult Care Licensure Section, DHSR  
Paige Bennett, Assistant Chief, Healthcare Planning, DHSR

ATTACHMENT A

<b>ACH Business Name &amp; Address</b>	<b>Licensed Operator &amp; License Number</b>	<b>FID #</b>	<b>Record #</b>	<b>New Real Property Owner</b>
Morningside of Concord 500 Penny Lane, NE Concord, NC 28025 Cabarrus County	Morningside of Concord, LLC License # HAL-013-026	960752	2002	SNH/LTA Properties Trust
Morningside of Gastonia 2755 Union Road Gastonia, NC 28054 Gaston County	Morningside of Gastonia, LLC License # HAL-036-019	970732	2003	SNH/LTA Properties Trust
Morningside of Raleigh 801 Dixie Trail Raleigh, NC 27607 Wake County	Morningside of Raleigh, LLC License # HAL-092-088	940715	2004	SNH/LTA Properties Trust



400 CENTRE STREET  
NEWTON, MA 02459-2076  
FIVESTARSENIORLIVING.COM

WE PUT  
PEOPLE FIRST

WE ACT WITH  
INTEGRITY

WE MIND  
THE BUSINESS

WE LISTEN,  
THEN ACT  
DECISIVELY

WE WORK TO  
BE OUR BEST

June 28, 2016

Healthcare Planning and Certificate of Need Section  
NC Department of Health and Human Services  
Attn: Martha Frisone, Assistance Chief of CON  
2704 Mail Service Center  
Raleigh, NC 27699-2704



**RE: NOTICE OF CHANGE OF REAL PROPERTY OWNER  
Sale-Leaseback Transaction Involving North Carolina Adult Care  
Homes: Morningside of Concord, Morningside of Gastonia, and  
Morningside of Raleigh**

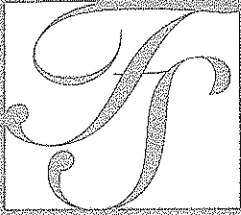
Dear Ms. Frisone,

Subsidiaries of Five Star Quality Care, Inc. own and operate various North Carolina adult care homes. This letter is to provide notice to the North Carolina Healthcare Planning and Certificate of Need Section that:

- On or about Wednesday, June 29, 2016, the three adult care homes noted below will be involved in a sale-leaseback transaction (the "Transaction").
- For the sale portion of the Transaction, the real property associated with the adult care homes will be sold to the new real property owners, each a subsidiary of Senior Housing Properties Trust, indicated below.
- For the leaseback portion of the Transaction, new lease and sublease agreements will be entered into whereby the real property will be leased back to each respective licensed operator.

The licensed operators of these facilities will not change as a result of this Transaction, and the operations will otherwise remain unchanged.

<b>Adult Care Home Business Name &amp; Address</b>	<b>Licensed Operator &amp; License Number</b>	<b>New Real Property Owner (On or about Wednesday, June 29, 2016)</b>
<b>Morningside of Concord</b> 500 Penny Lane, N.E. Concord, NC 28025	Morningside of Concord, LLC License # HAL-013-026	SNH/LTA Properties Trust



**FIVE STAR**  
SENIOR LIVING

400 CENTRE STREET  
NEWTON, MA 02458-2076  
FIVESTARSENIORLIVING.COM

WE PUT  
PEOPLE FIRST

WE ACT WITH  
INTEGRITY

WE MIND  
THE BUSINESS

WE LISTEN,  
THEN ACT  
DECISIVELY

WE WORK TO  
BE OUR BEST

**Morningside  
Gastonia**  
2755 Union Road  
Gastonia, NC 28054

Morningside of  
Gastonia, LLC  
License # HAL-036-019

SNH/LTA Properties  
Trust

**Morningside  
Raleigh**  
801 Dixie Trail  
Raleigh, NC 27607

Morningside of  
Raleigh, LLC  
License # HAL-092-088

SNH/LTA Properties  
Trust

Please note that we have also notified the North Carolina Division of Health Service Regulation of this Transaction.

We request that you confirm in writing that these changes of real property owner are exempt from or not subject to certificate of need review. Should you have any questions or need any further information, please do not hesitate to contact me at 617-796-8387 or [kpotter@5ssl.com](mailto:kpotter@5ssl.com).

Kind Regards,

Katherine E. Potter  
Senior Vice President and General Counsel  
Five Star Quality Care, Inc.

cc: Jennifer Clark, Senior Housing Properties Trust