

**§ 58-64A-240. Third-party management.**

(a) A provider shall request the approval of the Commissioner before entering into a contract with a third party for the management of a continuing care retirement community. The request for approval required by this section shall include a copy of the proposed management contract, the information required by subdivisions (6) and (7) of G.S. 58-64A-150(a) regarding the proposed third-party manager, a description of the third party's experience in managing continuing care retirement communities, and the reason for the change in management.

(b) The provider shall inform all residents in writing of the request for approval submitted to the Commissioner pursuant to this section within 10 business days after the request for approval is submitted to the Commissioner.

(c) The Commissioner shall comply with the review schedule in G.S. 58-64A-70 in response to a request for approval pursuant to this section.

(d) The Commissioner may disapprove of the request for approval if the Commissioner determines either of the following:

- (1) The proposed third-party manager is incompetent or untrustworthy or so lacking in managerial experience as to make the operation of the continuing care retirement community potentially hazardous to residents.
- (2) The proposed third-party manager is affiliated directly or indirectly through ownership, control, or business relations with any person or persons whose business operations are or have been marked by manipulation of assets or accounts or by bad faith, to the detriment of residents, members, stockholders, investors, creditors, or the public.

(e) The provider shall remove any third-party manager immediately upon discovery of either of the following:

- (1) That a manager has been convicted of any felony or pleaded nolo contendere to a felony charge or has been held liable or enjoined in a civil action by final judgment involving fraud, embezzlement, fraudulent conversion, or misappropriation of property.
- (2) That a manager is now, or was in the past, affiliated directly or indirectly through ownership interest of ten percent (10%) or more in, or control of, any business, corporation, or other entity that has been convicted of any felony or pleaded nolo contendere to a felony charge or has been held liable or enjoined in a civil action by final judgment involving fraud, embezzlement, fraudulent conversion, or misappropriation of property. (2025-58, s. 2.)