

IS PLEASED TO PROVIDE YOU WITH THE FOLLOWING:
ANSWERS TO INVESTOR QUESTIONS (SET 1)
As of December 11, 2017



\$123,305,000*
Illinois Finance Authority
Revenue Bonds
(Friendship Village of Schaumburg)
Series 2017

Covenant/Continuing Disclosure/Legal Document Questions and Clarifications

1. FVS has agreed to make the following additions to the Continuing Disclosure Agreement:

- Provide adjusted debt service schedules in the future if there is a change.
- Provide notice(s) as all or portions of the 2017 FSO Debt is repaid.
- Provide any future construction updates if there are new facilities built.
- Provide the CMS star status.
- Provide the SNF payor mix, delineating the number of private pay patients that are direct admits and those that are residents moving along the continuum of care. FVS will also state the same for the ALU residents.
- Provide occupancy data by level of care, separating out the SNF rate by the regular units and the memory care units.
- Compare the quarterly data to budget
- Calculate the liquidity metrics regardless of whether it is require to be tested that quarter.

2. What indenture changes are being made?

Days Cash on Hand - minimum of 120 days, tested semi annually

Debt Service Coverage - traditional cure period: – EOD if < 1.00x and DCOH is < 180 Days; EOD if < 1.00x for two consecutive years

Continuing Disclosure - Quarterly report due 3/31 has a 60 day window (versus 45)

3. How will the Debt Service Reserve Fund be determined for the bonds at issuance and in the future?

Lesser of:

10% of Reasonable Par Amount

Maximum Annual Debt Service

125% of average adjusted Debt Service

4. Will denominations change to a more standard \$5,000 if an investment grade rating is reached?

This flexibility will be built in to the indenture. However, a future denomination change will be subject to issuer approval and bond counsel opinion.

5. What is the method for determining debt service in the ABT?

The relevant sections of the MTI for such a calculation are Permitted Additional Indebtedness (starting on C-28 of the POS) and Calculation of Debt Service and Debt Service Coverage (starting on C-31 of the POS).

6. Will there be rating tests to enter into or to withdraw from the obligated group if a rating is obtained?

Yes, if a rating is obtained, tests will be applied for entering into or withdrawing from the obligated group.

7. How is the 2017 FSO Debt treated for the purpose of the ABTs and the DSCR?

The 2017 FSO Debt is a guarantee, and is treated as such for the purposes of the future additional debt test and debt service coverage calculation. Due to the expected early retirement of that debt, it is anticipated that the guarantee would not have a significant effect on the debt capacity of the organization in future years. See page C-32 of the POS for details on the debt service calculation.

8. Please provide a draft of the bond opinion:

A draft of the opinion is included at the end of this document

9. Does Friendship Village of Schaumburg have Business Interruption Insurance and what is the extent of the coverage?

Yes, \$23.6 million in coverage for Business Interruption Insurance. We are part of the Caring Communities Insurance Captive and have access to a total of \$136 million through the shared program.

Credit Questions and Clarifications

10. Below is a correct occupancy chart. The final OS will reflect this revision:

	2015	2016	2017	Through 8/31/2017
Garden Homes				
Number of Units Available	28.00	28.00	28.00	28.00
Average Number Occupied	26.39	27.19	27.71	27.09
Average Occupancy Rate	94.25%	97.11%	98.96%	96.75%
Independent Units				
Number of Units Available	606.00	591.00	574.00	568.00
Average Number Occupied	429.94	459.77	464.23	450.83
Average Occupancy Rate	70.95%	77.80%	80.88%	79.37%
Assisted Living Units				
Number of Units Available	106.00	106.00	106.00	112.00
Average Number Occupied	96.55	95.74	92.15	91.86
Average Occupancy Rate	91.08%	90.32%	86.93%	82.02%
Health Care Units				
Number of Units Available	248.00	248.00	248.00	248.00
Average Number Occupied	311.34	206.89	204.97	192.54
Average Occupancy Rate	125.54%	83.42%	82.65%	77.64%

11. What is encompassed in *Proceeds from Refundable Entrance Fees* in the Debt Service Coverage Ratio calculations?

From the Statement of Operations the line items of *Proceeds from Refundable Entrance Fees*, *Deferred Revenue from Non-Refundable Entrance Fees*, and *Entrance Fee Deposits* sum to *Proceeds from Refundable Entrance Fees* for the Debt Service Coverage Ratio calculations.

12. On page A-11 is the 90% non-refundable contract a typo?

Yes that is a typo, 90 % should be omitted.

13. What are the SNF occupancy breakdown for regular beds and for memory care beds?

205 regular beds and 43 memory care beds

14. What is the current breakdown of SNF and ALU residents who are direct admits versus those moving along the continuum of care?

26 out of 94 occupied AL units are direct admits. 28 of the occupied SNF units are direct admits. 23 of the 28 direct admits are Medicare rehab stays, the other 5 are private pay in skilled nursing.

15. Are any of the SNF beds sheltered?

There are currently no sheltered SNF beds.

16. What is the income level on which the 6,000 age and income qualified seniors in the PMA is based?

\$50,000

17. What is the breakdown in the Crosswell Trace neighborhood for two-bedroom units?

There are 14 two-bedroom units and 14 two-bedroom with den units.

18. What is the demographic breakdown for Friendship Village of Schaumburg?

126 – Couples (63 couples)

408 – Single Resident

534 – Total Residents for FVS Independent Living

Age Group	Male	Female	Total
61-70	6	9	15
71-80	25	93	118
81-90	80	212	292
91-100	27	81	108
Over 100	0	1	1
Total	138	396	534
Average Age	84.5	85.03	84.9

19. What is the history of fee increases for Friendship Village of Schaumburg?

Fiscal Year	% Increase (IL)
1990	7.00
1991	6.80
1992	5.80
1993	4.80
1994	5.00
1995	4.00
1996	3.90
1997	4.00
1998	3.00
1999	4.50
2000	4.50
2001	7.00
2002	5.00
2003	7.00
2004	5.00
2005	5.00
2006	8.00
2007	5.00
2008	5.00
2009	5.00
2010	3.90
2011	5.00
2012	3.90
2013	4.70
2014	4.75
2015	4.75
2016	4.75
2017	4.50
TOTAL AVG	5.06
AVG Last 5 Years	4.69
AVG Last 10 Years	4.63

Skilled Nursing often increases its fees on par with IL. However, when they do vary, it is around .5% of each other.

20. What is the actuarial funded status?

The actuarial funded status is 103.6%

21. What is the median list comparison for houses in FVS's Primary Move-in Market?

Median List Price		
FVS Primary Move-in Markets		
City in Illinois	Median List Price	Change from 1 year ago
Schaumburg	\$247.5k	-13%
Hoffman Estates	\$289.9k	2%
Huntley	\$276.7k	same as last year
Elk Grove Village	\$259.5k	same as last year
Mount Prospect	\$309.9k	-1%
Arlington Heights	\$385.0k	4%
Palatine	\$355.0k	6%
Des Plaines	\$269.3k	5%

Sources: Movoto.com market trends 12/6/2017

22. What refunds are due currently and in the next 30 days?

\$1,247,600 currently due plus \$932,746 expected to come due in the next 30 days.

23. Please provide the full estimated Debt Service Schedule for the FVS Series 2017 Bonds:

Fiscal Year Ending	Principal	Interest	Debt Service
3/31/2018	\$ 350,000	\$ 808,506	\$ 1,158,506
3/31/2019	2,440,000	6,048,481	8,488,481
3/31/2020	2,550,000	5,941,731	8,491,731
3/31/2021	2,655,000	5,830,169	8,485,169
3/31/2022	2,775,000	5,714,013	8,489,013
3/31/2023	2,895,000	5,592,606	8,487,606
3/31/2024	3,020,000	5,465,950	8,485,950
3/31/2025	3,155,000	5,333,825	8,488,825
3/31/2026	3,290,000	5,195,794	8,485,794
3/31/2027	3,435,000	5,051,856	8,486,856
3/31/2028	3,585,000	4,901,575	8,486,575
3/31/2029	3,760,000	4,722,325	8,482,325
3/31/2030	3,950,000	4,534,325	8,484,325
3/31/2031	4,150,000	4,336,825	8,486,825
3/31/2032	4,360,000	4,129,325	8,489,325
3/31/2033	4,575,000	3,911,325	8,486,325
3/31/2034	4,800,000	3,682,575	8,482,575
3/31/2035	5,045,000	3,442,575	8,487,575
3/31/2036	5,295,000	3,190,325	8,485,325
3/31/2037	5,560,000	2,925,575	8,485,575
3/31/2038	5,385,000	2,647,575	8,032,575
3/31/2039	5,660,000	2,371,594	8,031,594
3/31/2040	5,955,000	2,081,519	8,036,519
3/31/2041	6,255,000	1,776,325	8,031,325
3/31/2042	6,580,000	1,455,756	8,035,756
3/31/2043	6,915,000	1,118,531	8,033,531
3/31/2044	7,270,000	764,138	8,034,138
3/31/2045	7,640,000	391,550	8,031,550
TOTAL	\$ 123,305,000	\$ 103,366,669	\$ 226,671,669

24. What is the amortization schedule of the FSO Series 2017 Taxable Bonds?

The way the amortization schedule was designed was to make regular principal payment for 4 years, a balloon payment in year five and to amortize the remaining balance over 25 years. The intention, however, is to pay the loan down as quickly as possible.

Fiscal Year Ending	Principal	Interest	Debt Service
3/31/2019	\$ 130,000	\$ 982,280	\$ 1,112,280
3/31/2020	145,000	1,012,370	1,157,370
3/31/2021	155,000	1,001,593	1,156,593
3/31/2022	170,000	990,070	1,160,070
3/31/2023	7,770,000	977,435	8,747,435
3/31/2024	80,000	406,190	486,190
3/31/2025	85,000	400,150	485,150
3/31/2026	90,000	393,733	483,733
3/31/2027	100,000	386,938	486,938
3/31/2028	105,000	379,388	484,388
3/31/2029	115,000	371,460	486,460
3/31/2030	120,000	362,778	482,778
3/31/2031	130,000	353,718	483,718
3/31/2032	140,000	343,903	483,903
3/31/2033	150,000	333,333	483,333
3/31/2034	165,000	322,008	487,008
3/31/2035	175,000	309,550	484,550
3/31/2036	190,000	296,338	486,338
3/31/2037	200,000	281,993	481,993
3/31/2038	220,000	266,893	486,893
3/31/2039	235,000	250,283	485,283
3/31/2040	250,000	232,540	482,540
3/31/2041	270,000	213,665	483,665
3/31/2042	290,000	193,280	483,280
3/31/2043	315,000	171,385	486,385
3/31/2044	335,000	147,603	482,603
3/31/2045	360,000	122,310	482,310
3/31/2046	390,000	95,130	485,130
3/31/2047	420,000	65,685	485,685
3/31/2048	450,000	33,975	483,975
TOTAL	\$ 13,750,000	\$ 11,697,970	\$ 25,447,970

25. Why does EBITDA fall short of budget projections, also comment on the results of the full fiscal year 2017 and the first half of fiscal year 2018?

	Fiscal Year Ended 2017	Six Months Ended 9/30/16	9/30/17	FY 18 YTD Budget Thru 09/30/17	\$ Variance From Budget	% Variance From Budget	\$ Variance From Prior Year	% Variance From Prior Year
Revenue, gains and other support:								
Net independent service revenue	17,267,632	8,619,536	8,789,349	9,239,503	(450,154)	-4.87%	169,813	1.97%
Net assisted living service revenue	6,400,613	3,260,962	3,279,860	3,391,870	(112,010)	-3.30%	18,899	0.58%
Net health care service revenue	<u>24,844,443</u>	<u>12,039,968</u>	<u>11,620,859</u>	<u>12,745,770</u>	<u>(1,124,911)</u>	<u>-8.83%</u>	<u>(419,109)</u>	<u>-3.48%</u>
	48,512,688	23,920,466	23,690,068	25,377,143	(1,687,075)	-6.65%	(230,398)	-0.96%

Friendship Village
Sales Stat Summary

	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual	Variance		
	Attrition	Attrition	Move-Ins	Move-Ins	Sales	Sales *	Attrition	Move-Ins	Sales
FY 2017	104	117	121	116	116	127	13	-5	11
Through 9/30/2017	74	81	82	61	81	77	7	-21	-4

* Net of Cancellations

Friendship Village of Schaumburg
Statements of Operations

	Fiscal Year Ended March 31,			Six Months Ended		FY 18 YTD	\$ Variance	% Variance
	2015	2016	2017	9/30/16	9/30/17	Budget Thru 09/30/17	From Budget	From Budget
EBITDA	10,832,918	9,565,835	10,526,808	5,958,932	4,824,538	5,041,492	(216,954)	-4.30%

Friendship Village
Skilled Nursing Census Comparisons

	3/31/2014	3/31/2015	3/31/2016	3/31/2017	9/30/2018	Unit Change			
						2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017
Health Care Center									
Medicare	40.33	45.16	46.89	44.91	37.02	4.83	1.73	(1.98)	(7.89)
Medicaid	46.62	53.06	53.59	50.85	37.21	6.44	0.53	(2.74)	(13.64)
Contract	80.25	76.91	73.20	72.26	80.23	(3.34)	(3.70)	(0.94)	7.97
Private Pay	44.42	36.21	33.20	36.95	37.77	(8.21)	(3.01)	3.75	0.82
Total	211.62	211.34	206.89	204.97	192.23	(0.28)	(4.45)	(1.92)	(12.74)

EBITDA is \$1.9M unfavorable to budget in fiscal 2018 and is primarily made up of shortfalls in revenue. Total revenue from all areas of care is nearly \$1.7M unfavorable to budget. Reasons for variances include:

Independent Living

IL census averaged 477 units occupied for the first six month of FY 2018 which is 27 units below budget and 13 units below the same period last year. Revenue from IL is \$450,154 below budget. Attrition exceeded budget by 13 units while move-ins trailed budget by 5 units in FY 2017. 11 of the 13 attrition variance occurred in the last four months of fiscal 2017. High attrition continued into the first quarter of FY 2018 with 4 of the 7 variance occurring in the first quarter. With the high amount of attrition and lower than budgeted move-ins, cash inflows from entrance fees are below budget resulting in the drop in both debt service and days cash on hand.

Assisted Living

The assisted living census variance averaged 2.51 units below budget and \$112,010 below budget. The actual census at the end of November, 2017 is at budget of 94 units; however, timing of move-ins created a year-to-date variance to budget. External move-ins exceeded budget by one at 7 move-ins. Internal transfers to assisted living exceed budget by 9 or 36 internal transfers. Attrition in assisted living exceeded budget by 10 units at 43 versus a budget of 33.

Skilled Nursing

Total skilled nursing census is 14 units below budget and revenue is \$1,124,911 below budget. Medicare census averaged 37.02 units versus a budget of 48. At an average daily rate of approximately \$525 per day from Medicare, that would account for the year-to-date revenue variance. One positive that we have seen is a significant drop in Medicaid census. Medicaid residents consist of lifecare residents who have run out of funds to pay for their care. Medicaid pays approximately \$190 per day which is the lowest payer source so a drop in census will benefit the organization provided they can be replaced with another payer source. The sudden drop in census could not be made up quickly and that is why overall census in skilled nursing is down this year.

EBITDA decreased \$1,374,792 for the first six months of fiscal 2018 compared to the same time period in fiscal 2017. There are three expense categories that make up most of this change as follows:

- Salaries and benefits increased by \$723,676 or 6.41% This change consists of salary increases and market adjustments accounting for approximately 3% of the difference with the remainder resulting from increase in benefit costs. There are more high cost employee health insurance claims this fiscal year which has driven up our cost.
- Supplies and Other is \$180,785 over budget or 4.9%. It is projected that this category will be on track with budget for the year. The overrun is due to timing of expenses.
- Professional Fees are over budget by \$400,827 and are a result of a higher amount of management fees being allocated to FVS than the prior year.

INVESTOR CONFERENCE CALL INFORMATION

Please find below a Web link for the Investor Conference Call Replays.

1. Live Q&A Discussion of Greenfields of Geneva and Relationship with Friendship Village of Schaumburg

<https://www.bbt.com/assets/media/audio/capmarkets/fvs-investor-call-dec2017.mp3>

2. Friendship Village of Schaumburg Credit Presentation

<http://www.bbt.com/assets/media/audio/capmarkets/fvs-investor-call-2-dec2017.mp3>

BANKING CONTACT INFORMATION

Please submit your questions to your sales coverage or a member of the BB&TCM Banking Team

Brendan Malone
Senior Vice President
312-279-9923 – office
804-282-0364 – cell
bmalone@bbandtcm.com

John Franklin
Managing Director
804-649-3943 – office
804-539-3943 – cell
jfranklin@bbandtcm.com

Seth Wagner
Associate
804-782-8895 – office
804-691-6645 – cell
swagner@bbandtcm.com

December 1, 2017

Illinois Finance Authority
Chicago, Illinois

UMB Bank, National Association as Trustee
St. Louis, Illinois

Chapman and Cutler
Chicago, Illinois

BB&T Capital Markets; a division of BB&T Securities LLC

**Re: The Illinois Finance Authority Revenue Bonds
(Friendship Village of Schaumburg) Series 2017**

Ladies and Gentlemen:

We have acted as counsel to Friendship Village of Schaumburg, an Illinois not for profit corporation (the “**Borrower**”) in connection with the issuance of the above-referenced bonds (the “**Bonds**”).

All capitalized terms not otherwise defined herein shall have the meanings given to them in the Indenture defined below. Unless otherwise indicated, references in this letter to the “**UCC**” mean the Uniform Commercial Code as in effect on the date hereof in the State of Illinois.

The Bonds are being issued pursuant to a Bond Trust Indenture dated as of December 1, 2017 (the “**Indenture**”) between the Illinois Finance Authority (the “**Authority**”) and UMB Bank, National Association, as trustee (the “**Trustee**”). The proceeds of the Bonds are being loaned to the Borrower pursuant to a Loan Agreement dated as of December 1, 2017 (the “**Loan Agreement**”) between the Authority and the Borrower.

Pursuant to the Loan Agreement, the Borrower has pledged and assigned all Gross Revenues to the Trustee as security for its obligations under the Loan Agreement. To further secure the performance of the obligations of the Borrower under the Loan Agreement, the Borrower has executed and delivered the Third Supplemental Mortgage and Security Agreement dated as of December 1, 2017 from the Borrower in favor of the Trustee (the “**Mortgage**”).

In connection with the issuance of the Bonds and to secure its obligations under the Loan Agreement, the Borrower will execute and deliver to the Authority its Direct Note Obligation, Series 2017-2 (Illinois Finance Authority), dated December __, 2017 (the “**Series 2017 Obligation**”). The Series 2017 Obligation will be issued under the Amended and Restated Master Trust Indenture dated as of July 15, 2005, as previously amended and supplemented (the “**Original Master Indenture**”) and as amended and supplemented by the Third Supplemental Master Trust Indenture dated as of December 1, 2017, between the Borrower and UMB Bank, National Association as master trustee (the “**Master Trustee**”). Pursuant to the terms of the Loan Agreement and the Series 2017 Obligation, the Borrower is obligated to make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds.

The Bonds have been sold to **BB&T Capital Markets**, a division of BB&T Securities, LLC, as underwriter (the “**Underwriter**”), pursuant to a Bond Purchase Agreement dated December __, 2017 (The “**Purchase Agreement**”) among the Underwriter, the Borrower and the Authority. In connection with the sale of the Bonds, the Borrower has executed and/or delivered the Preliminary Official Statement dated December __, 2017 (the “**Preliminary Official Statement**”) and an Official Statement dated December __, 2017 (“**Official Statement**”),

In rendering the opinions given below, we have examined executed originals or copies of the following documents (Borrower Documents or Documents):

1. the Loan Agreement;
2. the Series 2017 Obligation;
3. the Mortgage;
4. the Third Supplemental Master Indenture ;
5. the Purchase Agreement;
6. the Collateral Assignment dated December 1, 2017;
7. the Tax Agreement dated as of December 1, 2017 among the Authority, the Borrower and the Trustee;
8. the Continuing Disclosure Agreement dated as of December 1, 2017 executed and delivered by the Borrower and UMB Bank, National Association, as dissemination agent;
9. the Indenture;
10. the Official Statement;
11. the Specimen Bonds;
12. the UCC financing statements (the “**Financing Statements**”) naming the Borrower as debtor and the Trustee as secured party, filed or to be filed with the office of the Secretary of State of the State of Illinois;
13. the Certificates issued by the Secretary of State of the State of Illinois (the “**Good Standing Certificates**”), attesting to the continued existence and good standing of the Borrower and FSO under the laws of the State of Illinois;
14. the Closing Certificate of the Borrower dated December ____, 2017.

As to questions of fact relevant to this opinion, we have been furnished with and relied solely upon the Good Standing Certificates, certificates of public officials, and certificates of, and questionnaires completed by the Borrower and documents submitted to us in response to our information requests to the Borrower, as we have deemed necessary or appropriate as a basis for the opinions expressed below. We have relied upon, but have not verified the accuracy of the facts stated in any certificate, questionnaire or the documents provided to us in response to our requests as described above. Whenever our opinion herein with respect to the existence or absence of facts is stated to be to our knowledge or described as known to us, such statement is intended to signify that, without any independent investigation of any kind whatsoever and solely during the course of the representation of the Borrower by the attorneys currently with our firm in connection with the Transaction, we have not obtained actual knowledge of facts contrary to the existence or absence of the facts indicated. We have

not, for purposes of the opinions in this letter, (i) searched computerized or electronic databases for the docket or records of any court, governmental agency, regulatory body or other filing office in any jurisdiction, or (ii) undertaken any further inquiry other than as stated in this letter.

The opinions and statements expressed in this letter are subject to the following assumptions, comments, conditions, exceptions, qualifications and limitations:

(a) We have assumed the due authorization, execution and delivery of all documents and instruments executed by all parties thereto other than the Borrower and that each such document and instrument is enforceable against the parties thereto, other than the Borrower, in accordance with their respective terms. We have further assumed the authenticity of all items submitted to us as originals, the conformity to originals of all items submitted to us as certified or photostatic copies, and, except for signatures on behalf of the Borrower, the genuineness of such signatures and the due authority of all persons executing the same.

(b) Our opinions and statements expressed in this letter are restricted to matters governed by United States federal law and the laws of the State of Illinois.

(c) Our opinions are subject to the qualification that the enforceability of any agreement or instrument referred to in this letter is subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, fraudulent conveyance and similar laws relating to or affecting the enforceability of creditors' rights generally, to the effect of general equitable principles (whether arising in a proceeding at law or in equity), including concepts of commercial reasonableness, good faith and fair dealing.

(d) The enforceability of any agreement or instrument referred to in this letter may be limited by: (i) statutes or public policy limiting any right to waive the benefits of statutory provisions or common law rights; (ii) the unenforceability under certain circumstances of provisions in the Documents to the effect that failure to exercise or delay in exercising rights or remedies will not operate as a waiver of the right or remedy; (iii) the unenforceability under certain circumstances under state or federal law of provisions in the Documents where the release or indemnification is contrary to public policy; (iv) a court's refusal to enforce, or limit the application of a contract or any clause of a contract that the court finds to have been unconscionable, result in a breach of the peace or otherwise be contrary to public policy, at the time it was made or at the time of enforcement; or (v) a court's refusal to enforce a default, acceleration, foreclosure or repossession except in the case of a material default (and you are advised that a creditor's rights with respect to the rents, income and profits from the Transaction in cases of default may depend upon the consummation of foreclosure, obtaining possession of any collateral or the expiration of any redemption rights).

(e) Any provision of the Documents requiring waivers to be in writing may not be binding or enforceable if an oral agreement has been created modifying any such provision or an implied agreement by trade practice or course of conduct has given rise to a waiver.

(f) Without limiting any other qualification set forth in this letter, we express no opinion as to the enforceability of any provision in the Documents that purports to: (i) establish evidentiary standards or to make determinations conclusive without providing exceptions for factual or other errors; (ii) select a jurisdiction, venue or forum or manner of adjudication or resolution of disputes; (iii) waive any party's rights to adjudicate a dispute through a jury trial; (iv) state that every right or remedy is cumulative and may be exercised in addition to or together with any other right or remedy; (v)

provide for any specific method for the service of process; or (vi) provide that certain provisions of the Documents survive after the payment in full of the obligations secured thereby.

(g) We express no opinion as to any choice-of-law provision other than with respect to the enforceability in the State of Illinois to a choice-of-law provision designating the State of Illinois.

(h) We have assumed that: (i) there is no agreement, or instrument (whether written or oral), or any course of dealing or performance, trade practice, or usage of trade, defining, supplementing, amending, modifying, waiving or qualifying the terms of any of the Documents, (ii) the Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder, and (iii) the terms and conditions of the Transaction as reflected in the Documents have not been amended, modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or any waiver of any of the material provisions thereof.

(i) We have assumed the absence of fraud, inducement, duress, waiver, estoppel, unintentional or intentional mistake or criminal activity extrinsic to the Documents that might give rise to a defense against enforcement of the Documents. We have also assumed that the conduct of the parties has complied with any requirement of good faith, fair dealing and conscionability. We have further assumed that the recipients of this letter have acted in good faith and without notice of any defense against enforcement of any rights created by, or any adverse claim to any property transferred or secured as a part of or contemplated by, the Documents.

(j) Our opinions are limited by and subject to the effects of the discretion of a court or other authority or body to invalidate or decline to enforce any right, remedy or provision of the Documents (including, without limitation, the termination payment and close-out provisions thereof) determined by it to be a penalty.

(k) We express no opinion herein as to the legality, validity, binding effect or enforceability of the Documents under applicable anti-gaming, anti-gambling and anti-bucket shop laws, rules and regulations.

(l) None of the opinions set forth in this letter include any implied opinion unless such implied opinion is both (i) essential to the legal conclusion reached by the express opinions set forth herein and (ii) based upon prevailing norms and expectations among experienced lawyers in the State of Illinois, reasonable under the circumstances. Moreover, unless explicitly addressed in this letter, the opinions set forth herein do not address any of the following legal issues, and we specifically express no opinion with respect thereto: (1) federal securities laws and regulations, state blue sky laws and regulations; (2) Federal Reserve Board margin regulations; (3) pension and employee benefit laws and regulations; (4) federal and state anti-trust and unfair competition laws and regulations; (5) federal and state laws and regulations concerning filing and notice requirements (e.g. Hart-Scott-Rodino and Exon-Florio); (6) federal and state environmental laws and regulations; (7) federal patent, copyright and trademark, state trademark and other federal and state intellectual property laws and regulations; (8) federal and state racketeering laws and regulations; (9) federal and state health and safety laws and regulations; (10) federal and state labor laws and regulations; (11) zoning, land use or subdivision laws or regulations, (12) tax laws or regulations, including the charitable solicitation laws (other than as set forth in opinion number 2) and (13) local laws, regulations or ordinances.

(m) Our opinion in paragraph 2 is based, as to factual matters, solely upon (i) our review of (A) the Borrower's Articles of Incorporation, as amended to date and bylaws, as amended to

date (collectively, the “**Borrower’s Organizational Documents**”), (B) a letter dated August 7, 1975 (the “**IRS Letter**”) from the Internal Revenue Service (“**IRS**”), confirming that the Borrower is an organization exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (the “**Code**”), as an organization described in Section 501(c)(3) of the Code, (C) IRS Form 990’s filed for tax years 2011 through 2016 for the Borrower and (ii) such other investigations of fact and law as we have deemed necessary to deliver this opinion. For purposes of the opinion in paragraph 2, we have also relied upon the Borrower’s representations that, in the course of its conduct, it has complied with and will at all times continue to comply with the requirements of Section 501(c)(3) of the Code, and that its activities have been and will continue to be conducted strictly in accordance with the terms of the Borrower’s Organizational Documents and the Illinois Nonprofit Corporation Act. Any breach of such obligations may affect opinions contained herein.

(n) We have made no examination of, and we express no opinion with respect to: (i) title to, or the nature or extent of the Borrower’s interest or rights in, any of the real or personal property constituting collateral in the Transaction (collectively, the “**Collateral**”); (ii) any description of the Collateral in any of the Documents; (iii) the existence or non-existence of liens, security interests, charges or encumbrances on or in the Collateral; (iv) the priority of any liens on any part of the Collateral; (v) the public records of any state or any county or other political subdivision thereof; (vi) the truth of any representation or warranty regarding the Collateral in any of the Documents; (vii) the existence, condition or location of any of the Collateral; or (viii) any other matter not expressly addressed in this letter. We have assumed that, to the extent that the assignment or encumbrance of any licenses, franchises, leases, plans, specifications, operating agreements, service contracts, accounts, contract rights, general intangibles, or other contracts, claims, property, rights, interests or other Collateral that any Document purports to assign or encumber requires the consent of another party, such consents have been obtained.

(o) We assume that the Collateral described in the Financing Statements includes and is limited to certain personal property owned by the Borrower (specifically excluding fixtures) that is sufficiently described in the Mortgage, the Assignment or Loan Agreement, as applicable (the “**Collateral Documents**”) and in which a security interest may be perfected by the filing of a UCC financing statement (the “**Financing Statement Collateral**”). We render no opinion with respect to the perfection of a security interest with respect to any of the Collateral that must be perfected by a method other than the filing of the Financing Statements, other than our opinion number 9 with respect to the DACA. We have assumed that the Collateral exists, the Borrower has sufficient “rights” (as defined in the UCC) in the Collateral for the security interest granted by the applicable Collateral Document to attach, and the Borrower has received “value” (as defined in the UCC) in accordance with the Transaction Documents. We have also assumed that (i) the Borrower has been continually “located” (within the meaning of Section 9-307 of the UCC) and remains “located” in the State of Illinois since its incorporation in the State of Illinois, (ii) neither the Borrower nor the Trustee use trade names or does business under any names other than the names indicated on the Financing Statements, and (iii) the addresses for the Borrower and the Trustee appearing on the Financing Statements constitute their correct and complete mailing addresses. We have assumed the due recordation or filing of the Financing Statements with, and the acceptance for filing by, the Illinois Secretary of State and the payment of all filing and recording fees.

(p) We express no opinion regarding the perfection of any security interest in (i) any Collateral acquired by the Borrower after the date hereof, or (ii) proceeds (as defined in Section 9-102(a)(64) of the UCC) of the Collateral, except to the extent that such proceeds consist of cash proceeds (as defined in Section 9-102(a)(9) of the UCC) that are identifiable cash proceeds (as contemplated by Sections 9-315(b) and (d) of the UCC), subject, however, to the limitations of Section 9-315 of the UCC.

We express no opinion regarding the Trustee's security interests in any collateral that is or becomes an accession to, or commingled or processed with, other collateral to the extent that the security interest of the Trustee is limited by Section 9-335 or Section 9-336 of the UCC. We express no opinion regarding security interests in any collateral that is subject to a statute, regulation or treaty of the United States of America that provides for a national or international registration or a national or international certificate of title for the perfection of a security interest therein or that specifies a place of filing different from the place specified in the Documents for filing to perfect such security interest.

(q) We note that a security interest in the Collateral may be perfected either by taking possession of the Collateral or by filing the Financing Statements and that we have assumed that both courses of action will be taken with respect to the Collateral. We note further that, with respect to perfection by possession, the local law of the jurisdiction where the related Collateral is located will govern (i) the perfection, the effect of perfection or non-perfection, and the priority of a possessory security interest in such Collateral, and (ii) the effect of perfection or non-perfection and the priority of a non-possessory security interest in such Collateral. Finally, we note that perfection of such a security interest by possession will take priority over any competing security interest in the same Collateral that is perfected only by the filing of a UCC financing statement.

(r) We have made no independent review or examination of, and express no opinion regarding, any applicable zoning, environmental or other laws, ordinances or regulations, or any easements, reservations, contracts, restrictions, agreements or other matters regarding title, that relate or might relate or be applicable to the Transactions.

(s) Notwithstanding any opinion in this letter to the contrary, we call to your attention that the law is unsettled as to the exact requirements necessary to perfect and permit enforcement of a perfected security interest in intellectual property, such as patents and trademarks of the Borrower ("**Intellectual Property**"). We believe that, to the extent state law governs the perfection of Intellectual Property, the execution and delivery by the Borrower of the Mortgage and the filing of the Financing Statements should be sufficient to protect the Trustee's security interest in the Intellectual Property that consists of general intangibles.

(t) We are assuming that the Borrower is not a "transmitting utility" as such term is defined in the UCC.

(u) We express no opinion as to any actions that may be required to be taken periodically under the UCC or other applicable law in order for the effectiveness of the Financing Statements, or the validity or perfection of any security interest, to be maintained. In addition, actions taken by the Trustee (e.g. releasing or assigning its security interest or delivering possession of any collateral to the Borrower or another person) may affect the validity and perfection of its security interests, and there may be limitations on the exercise of the Trustee's remedies arising out of any failure by the Trustee to comply with statutory requirements or judicial decisions in the actual exercise of its rights in connection with the foreclosure, sale or other enforcement of its security interests in any collateral granted pursuant to the Documents. Specifically, our opinion regarding the creation and perfection of the Trustee's liens in the Collateral should not be read or construed to include any opinion as to: (i) the obligation of the Trustee to account for any surplus arising from the sale or other disposition of collateral and the application of proceeds thereof to the satisfaction of indebtedness secured thereby; (ii) the Trustee's retention or disposition of any collateral and equity of redemption; (iii) acceptance by the Trustee of any collateral in discharge of any obligation secured; (iv) the marshalling of any collateral; (v) the Trustee's liability for failure to comply with Part 6 of Article 9 of the UCC; or (vi) to the extent not covered by the preceding clauses (i) through (v), any rights and remedies (and corresponding duties)

prohibited pursuant to Section 9-602 of the UCC from being waived, varied or released.

(v) We express no opinion as to the priority of any Document or security interest, including (i) liens for the payment of federal, state or local taxes or charges that are given priority by operation of law, including under Sections 6321 and 6323(c)(2) and (d) of the Code; (ii) claims of the United States of America under the federal priority statutes (31 U.S.C. Section 3713 *et seq.*); (iii) liens in favor of the United States of America, any state or local governmental authority or any agency or instrumentality thereof (including liens arising under Title IV of ERISA) that are given priority by operation of law; (iv) liens of a collecting bank under Section 4-210 of the UCC; (v) the rights of a “lien creditor” as defined in Section 9-102(52) of the UCC, which is entitled to priority under Section 9-323(b) of the UCC; (vi) security interests in respect of proceeds of collateral, to the extent that the applicable secured party has a perfected security interest in such proceeds under Section 9-315 and such interest is entitled to priority under Section 9-322 of the UCC; (vii) the rights of a “purchaser” of instruments, documents, and securities who is entitled to priority under Section 9-331 of the UCC; (viii) any other liens, claims or other interests that arise by operation of law and do not require any filing or possession in order to take priority over security interests perfected through the filing of a financing statement or the possession of collateral; (ix) a security interest that was perfected automatically upon attachment pursuant to Section 9-309 of the UCC prior to the perfection of the Trustee’s security interest in the Collateral under the Documents; (x) a security interest temporarily perfected without filing or possession under Section 9-312(e), (f) or (g) of the UCC; (xi) a security interest in electronic chattel paper, investment property or letter-of-credit rights that is perfected by control under Section 9-314 of the UCC; and (xii) the rights of any person or entity to whom any of the Collateral has been released or reassigned or in whose favor the security interest of the Trustee has been subordinated.

(w) We express no opinion as to the enforceability or priority of future advances made pursuant to the Documents.

(x) We note specifically that Section 552 of the United States Bankruptcy Code, 11 U.S.C. § 101, *et seq.*, limits the extent to which property acquired by a debtor after the commencement of a case under the United States Bankruptcy Code may be subject to a security interest arising from a security agreement entered into by such debtor before the commencement of the case, and Section 547 of the United States Bankruptcy Code may render a security interest in such after-acquired property voidable to the extent it serves as collateral for any antecedent debt, subject to the exceptions provided in this letter.

Based on the foregoing, and qualified in the manner and to the extent set forth herein, we are of the opinion that:

1. Based solely on the Good Standing Certificates, the Borrower is a not for profit corporation duly incorporated, validly existing, and in good standing under the laws of the State of Illinois.

2. The Borrower is an organization that is exempt from the federal income taxation (except for taxation of unrelated trade or business income under Section 511 of the Code) under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code.

3. The Borrower (a) has all requisite corporate power and authority to enter into, execute and deliver the Documents and to perform its obligations thereunder and (b) has duly authorized and approved by all necessary corporate action the execution and delivery of the Documents and such other certificates and documents required of the Borrower in connection with the Transaction, acting by and

through duly authorized representatives. The Borrower has all requisite corporate power and authority to approve the Third Supplemental Master Indenture and to approve and execute the Official Statement and has authorized the distribution of the Official Statement.

4. Friendship Senior Options, NFP (“FSO”) as Member of the Borrower, has duly authorized and approved the execution and delivery by the Borrower of the Documents and such other certificates and documents required in connection with the Transaction, acting by and through the Borrower’s duly authorized officers and the duly authorized officers of FSO.

5. The Bond Indenture, the Loan Agreement, the Master Indenture, the Third Supplemental Master Trust Indenture, the Mortgage, the Third Supplemental Mortgage and Security Agreement, the Series 2017 Obligation, the Purchase Agreement, the Tax Exemption Agreement, the Continuing Disclosure Agreement and each of the other Documents has been duly authorized, executed, and delivered by the Borrower. The Documents constitute the valid and legally binding agreements of the Borrower, enforceable against the Borrower in accordance with their respective terms.

6. The approval of the Indenture, the execution and delivery of the Official Statement, the execution and delivery by the Borrower of the Documents, and the performance of its obligations thereunder do not: (a) constitute a breach or violation on the part of the Borrower of the Borrower’s Organizational Documents or (b) to our knowledge, result in a violation or breach of any provisions of, or constitute a default under, any agreement or other instrument to which the Borrower is a party or by which the Borrower or its property is bound, whereby such violation, breach or default would materially and adversely affect the business, operations, properties, or financial condition of the facilities of the Borrower, or the ability of Borrower to pay any amounts payable by it under the Documents or otherwise to perform its obligations under the Documents, or (c) result in a violation of any applicable law, statute or regulation of the United States or the State of Illinois (other than those laws, rules and regulations specifically excluded or otherwise specifically addressed in this opinion), which, in our experience, would reasonably be applicable to transactions of the type of the Transaction, without our having made any special investigation as to the applicability of any specific law, rule or regulation, whereby such violation or default would materially and adversely affect the business, operations, properties, or financial condition of the facilities of the Borrower, or the ability of the Borrower to pay any amounts payable by it under the Documents or otherwise to perform its obligations under the Documents.

7. The provisions of the Mortgage are sufficient to create, in favor of the Master Trustee, a security interest in Borrower’s right, title and interest in the Mortgaged Property, to the extent a valid security interest can be granted under the UCC. Insofar as perfection can be accomplished by the filing of financing statements under the UCC, the filing of the financing statements attached hereto as Exhibit A in the filing office for Cook County constitutes all such action as is necessary to perfect the security interest in the Mortgaged Property granted pursuant to the Mortgage as of the date hereof, and no further action is required in order to perfect such security interests, based on the facts and applicable law as of the date hereof, except for the filing of appropriate continuation statements or other appropriate statements if the applicable debtor changes its name, identity or corporate existence. The proper recording office in the State of Illinois to record the Mortgage is the Recorder of Deeds of Cook County, Illinois (the “Filing Office”). The Mortgage is in proper form for recording and upon the recording thereof in the Filing Office and the payment of all applicable fees and costs, the Mortgage will continue to be a valid and perfected mortgage lien on the Mortgaged Property. No recording charge is due with the recording of the Mortgage other than nominal per page fees. For purposes of this opinion, we have assumed that (i) the Borrower has rights in the Mortgaged Property and (ii) the Master Trustee and any agent acting for it has acquired its interest in the Mortgaged Property for value, in good faith and without notice of any defense

against the enforcement of any rights created under the Mortgage or adverse claim to any of the Mortgaged Property. No opinion of title or priority is expressed or given. Further, no opinion is given to the extent perfection is accomplished under the UCC by control rather than by filing. Further, we express no opinion as to whether the description of collateral in the financing statements accurately describes the collateral intended to be subject to the security interests created by the Mortgage.

8. The liens, encumbrances, covenants, conditions and restrictions, if any set forth and not shown as endorsed over or insured over on Schedule B to the title insurance policy numbered _____ dated December _____, 2017 and issued by the Chicago Title Insurance Company (the "Title Policy"), are Permitted Encumbrances under the Documents. Our opinion is limited to and solely relies upon (i) the Title Policy, (ii) a plat of survey signed November 10, 2017 prepared by Cemcon Limited and (iii) a certificate of the appropriate officers of the Borrower as to utility, access and other easements and rights-of-way, restrictions and exceptions which do not materially interfere or materially impair the operation or usefulness of the property affected thereby and such liens and irregularities of title as normally exist with respect to properties similar in character to the property or materially impair the property affected thereby for the purpose for which it was acquired or is held.

9. No consent, authorization, license or approval of, or registration or declaration with, the State of Illinois or U.S. federal governmental authority (except as may be required under any state or federal blue sky or securities laws, as to which we express no opinion), is necessary in connection with the execution and delivery by the Borrower of the Documents or the performance by the Borrower of its obligations under the Documents, except as have been obtained or made and as are in full force and effect.

10. With respect to the security interest in in favor of the Trustee under Collateral Documents: (a) the provisions of the Collateral Documents are effective under the UCC to create a valid security interest in favor of the Trustee in the Financing Statement Collateral, securing the obligations purported to be secured by the Collateral Documents and (b) upon the filing of the Financing Statements with the Illinois Secretary of State, the Trustee will have a perfected security interest in the Financing Statement Collateral.

Because the primary purpose of our professional engagement was not to establish factual matters and because of the wholly or partially non-legal character of many determinations involved in the preparation of the Official Statement, we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently certified the accuracy, completeness or fairness of any such statements. However, in our capacity as counsel to the Borrower during the course of preparation of the Official Statement, we met in conferences or had discussions with your representatives, your counsel, representatives of the Borrower, the Trustee and others, during which conferences the contents of the Official Statement and related matters were discussed. Based upon our review of the information made available to us in the course of our participation in the preparation of the Official Statement and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to our attention that would lead us to believe that as of its date and as of the date hereof, the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; provided however, that, we expressly exclude from the scope of this paragraph and we express no opinion or view with respect to any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates,

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projections, assumptions or expressions of opinion, any management discussion and analysis or Appendices B or C or any information about The Depository Trust Company, its nominee, or the book-entry system, the Underwriter, the Authority, the independent auditors, included or referred in the Official Statement.

We hereby confirm to you that there is no action, suit, proceeding or investigation in law or in equity before or by any court, public board or body, pending or to our knowledge overtly threatened against or affecting the Borrower that would (a) contest or affect the validity or execution of the Documents, (b) contest the due organization, corporate existence or corporate powers of the Borrower, (c) limit, enjoin or prevent (i) the Borrower from functioning or (ii) the Borrower from making payments under the Loan Agreement or, (d) restrain, enjoin or restrict the execution, delivery, enforceability or performance of the Documents, or the application of the proceeds of the Bonds, (e) have a material adverse impact on the financial condition of the Borrower, (f) contest or affect the issuance or validity of the Bonds or the Indenture or (g) adversely affect the status of the Borrower as a Tax-Exempt Organization.

This letter is furnished to you at your request and is intended solely for your information and for your use in connection with the transaction described herein, and may not be relied upon by any other person or for any other purpose without our prior written consent. This letter is a confidential communication and is not to be quoted in whole or in part or otherwise referred to, furnished, used, reproduced, distributed or disclosed, nor is it to be filed with any governmental agency or any other person other than those set forth herein, without the prior written consent of this law firm. We consent to the inclusion of this letter in the transcript of proceedings relating to the Bonds. The information set forth herein is as of the date of this letter, and we undertake no obligation or responsibility to update or supplement this opinion in response to or to make you aware of subsequent changes in the status of the Borrower, the law, or future events or information affecting the Transaction occurring after the date hereof. We have conducted no investigation or review of the business of the Borrower except as specifically delineated in this letter. The foregoing opinion should not be construed as relating to any matter other than the specific matters discussed herein.

Very truly yours,