

## Response to CSAC Major Modification Application Initial Report Dated February 2, 2015

Submitted via: [infocso@doe.k12.de.us](mailto:infocso@doe.k12.de.us)

- **A copy of federal guidance that the school received regarding enrollment preferences;**

According to Eddie Moat of the U.S. Department of Education's Charter Schools Program, the use of an enrollment preference for a school lottery constitutes an unallowable weighted lottery because it benefits a particular subset of parents if there are parents who do not want to sign the pledge. The Department of Education provided the following guidance regarding weighted lotteries:

*Weighted lotteries (i.e., lotteries that give additional weight to individual students who are identified as part of a specified set of students, but do not reserve or set aside seats for individual students or sets of students) are permitted only in certain circumstances.*

**First**, weighted lotteries may be used when they are necessary to comply with title VI of the Civil Rights Act of 1964; title IX of the Education Amendments of 1972; section 504 of the Rehabilitation Act of 1973; title II of the Americans with Disabilities Act of 1990, as applicable; the equal protection clause of the Constitution; or applicable State law.

**Second**, a charter school may weight its lottery to give a slightly better chance for admission to students seeking to change schools under the public school choice provisions of title I, part A of the ESEA for the limited purpose of providing greater choice to students covered by those provisions. For example, a charter school might provide each student seeking a transfer under title I with two or more chances to win the lottery, while all other students would have only one chance to win. 20 U.S.C. 7221i(1)(H).

**Third**, consistent with section 5204(a)(1) of the ESEA, a charter school may weight its lottery to give slightly better chances for admission to all or a subset of educationally disadvantaged students if State law permits the use of weighted lotteries in favor of such students. Permission could be evidenced by the fact that weighted lotteries for such students are expressly permitted under the State charter school law, a State regulation, or a written State policy consistent with the State charter school law or regulation, or, in the absence of express authorization, confirmation from the State's Attorney General, in writing, that State law permits the use of weighted lotteries in favor of such students. Thus, if a State's charter school law permits charter schools to give additional weight to educationally disadvantaged students (or a subset thereof), a charter school in that State could weight its lottery in favor of such students or participate in a centralized lottery for multiple public schools that is weighted in favor of such students and remain eligible for CSP funding. For the purpose of this guidance, educationally disadvantaged students are students in the categories described in section 1115(b)(2) of the ESEA, which include students who are economically disadvantaged, students with disabilities, migrant

*students, limited English proficient students, neglected or delinquent students, and homeless students.*

*Weighted lotteries may not be used for the purpose of creating schools exclusively to serve a particular subset of students. In addition, the Department strongly encourages charter schools that use weighted lotteries to do so as part of a broader strategy that includes fulfillment of their existing responsibilities related to outreach, recruitment, and retention for all students, including educationally disadvantaged students.*

The exact language from the Charter Schools Program Non-Regulatory Guidance is attached as Appendix 1.

- **A copy of the school’s brochure (which can be provided in hard copy)**

A copy of the school’s brochure has been provided to the DE DOE under separate cover.

- **Clarification regarding recruitment funding;**

Funding for our enrollment/recruitment efforts will come from a CSP grant and fundraised money in years 0-2. Funding for continued enrollment/recruitment in years 3 & 4 will come from fundraised money. Line 50 on the Other Funds budget worksheet (Appendix 5) now reflects the costs we have budgeted for marketing and outreach as they relate to enrollment. In order to entice families to enroll at Freire Charter School Wilmington, we invested a substantial amount in marketing, advertising, communications, and consultants who specialize in community outreach. Our advertising campaign involves primarily print material such as billboards, posters at bus shelters, and door hangers.

- **Clarification regarding donations and grants;**

Freire Wilmington is the recipient of a 3-year federal Charter Schools Program grant totaling \$687,000. We were also awarded a \$300,000 grant from Longwood Foundation. Finally, we plan to fundraise up to \$300,000 each year. The Other Funds budget worksheet (Appendix 5) details the grant and donation amounts and how they will be spent. We arrived at the annual \$300,000 target for fundraising, because we have been successful in raising these funds at our Philadelphia campus and have already demonstrated our ability to raise these funds through a matching campaign in Wilmington in year 0.

- **Clarification regarding the specific allocation of the Longwood Foundation and federal CSP grants;**

The \$300,000 Longwood Foundation grant was unrestricted funding, which has been allocated to the following uses:

**Longwood Foundation Grant -- 2014-15**

Head of School Salary and Benefits (9 Months)	\$95,000
Head of Academics Salary and Benefits (1 Month)	\$6,015
Head of Academic Supports Salary and Benefits (1 Month)	\$5,074
Ambassadors Program Salary and Benefits	\$9,000
Marketing and Advertising	\$30,000
Student Recruitment Expenses (Including Buses to Philly)	\$10,000
Public Relations (Contracted)	\$10,000
Legal Fees	\$20,000
Kickoff Event	\$16,125
Office Rent	\$11,286
Architect	\$27,500
Traffic Engineers	\$10,000
Charter Services Organization Fee	\$50,000
	<b>\$300,000</b>

Additionally, we have been awarded a three-year competitive grant through the Federal Charter Schools Program. Funds have been allocated for the following uses:

**CSP Year 1 -- 2014-15**

Head of School Salary and Benefits (3 months)	\$30,000
Travel to Conferences (CSP Required and National Charter School Conference)	\$5,800
Whiteboards	\$26,400
Cafeteria Tables	\$17,000
Instructional Materials	\$67,200
Printed Marketing Materials	\$23,000
Community Outreach (Contracted)	\$15,000
Professional Development for Leadership Team	\$4,600
	<b>\$189,000</b>

**CSP Year 2 -- 2015-16**

Travel to Conferences (CSP Required and National Charter School Conference)	\$5,800
Whiteboards	\$8,800
Mobile Computer Lab (3)	\$90,000
Printed Marketing Materials	\$15,000
Instruction and Assessment Materials	\$46,800

Community Outreach (Contracted)	\$15,000
Professional Development (Fees and Stipends)	\$17,600
Charter Services Organization Fee	\$50,000
	<b>\$249,000</b>

**CSP Year 3 -- 2016-17**

Travel to Conferences (CSP Required and National Charter School Conference)	\$5,800
Whiteboards	\$8,800
Mobile Computer Lab (2)	\$60,000
Printed Marketing Materials	\$15,000
Instruction and Assessment Materials	\$64,944
Community Outreach (Contracted)	\$15,000
Professional Development (Fees and Stipends)	\$29,456
Charter Services Organization Fee	\$50,000
	<b>\$249,000</b>

- **Clarification regarding budgeting for nursing and custodial services;**

Since the state of DE requires that all schools have a full time nurse in the building daily regardless of the number of students enrolled, we have modified our budget to include a full time nurse starting in year 1. We have chosen to eliminate a receptionist in years 1-3 in order to fund the nurse. When the nurse is not treating students, we expect him/her to provide administrative support such as answering the phones.

Line 37 on page 3 of the Budget Narrative (Appendix 4) clarifies the costs associated with janitorial services and other maintenance expenses.

- **An updated budget sheet for federal and/or private grant money and updated narrative to be consistent with budget sheets;**

The Other Funds budget worksheet (Appendix 5) has been updated to reflect our most current sources and uses of funds during Year 0. We have also updated the Budget Narrative (Appendix 4). With respect to Federal funds, we will apply for them using the Consolidated Grant application available on the DDOE website (<http://www.doe.k12.de.us/domain/212#LEA>). Since we are unsure how much IDEA funds is awarded to a new charter school for its first year of operations, we have not budgeted any IDEA funds in year 1 in the interest of keeping our budget conservative. This can be updated upon further guidance from DDOE.

- **Copy of loan commitment letter as mentioned in budget narrative;**

We will borrow \$1.1M from a bank to help pay for renovation costs to the building we have designated as our school. Attached as Appendix 2 is a term sheet from Barclays outlining the terms of a \$1.1M loan that they have agreed to provide. The landlord of 201 W. 14<sup>th</sup> Street will finance the remaining \$900,000.

- **An updated budget with respect to FTEs;**

The budget that we submitted in March 2014 showed 53 FTE for 560 students. The budget that we submitted at 12/31/14 had 49 FTE for 560 kids. Since then, we have incorporated one more general education teacher starting in Year 2 for a total of 50 FTE in Year 4 (see Appendix 6). After carefully assessing the educational needs of the students in grades 8-12, we feel that 50 FTE is an appropriate number of staff to effectively deliver instruction and fully support 560 students. The administration and Board will continually review the effectiveness of this staffing plans and reserves the rights to make adjustments to best serve the needs of our students.

- **Clarification regarding access to the cafeteria;**

Phase 1 of construction includes renovation of the first and third floors of our site, and this renovation will be completed by June 2015. The cafeteria is on the first floor, and, thus, students will have access to the cafeteria beginning in year 1.

- **Clarification regarding the current status of the school's transportation plan;**

Freire continues to work on a transportation plan that insures the safety of its students, provides convenience to families, supports the curricular and extra-curricular programming of the school, and maintains the residential environment of the surrounding streets. To date, our plan has not changed beyond what has been approved in our original charter application.

- **The most current transportation plan provided to the neighborhood association and the implications on the budget for this plan;**

Freire has worked with a traffic engineering firm and presented plans to both the civic association of the local neighborhood as well as to business owners on the nearby streets. A copy of the plan is attached as Appendix 3.

- **A set of budget sheets that include an alternate transportation plan to include the use of school buses; and**

As students officially enroll in Freire Charter School Wilmington, Freire will then be able to assess fully the transportation needs individual to each family. Freire is unique in that it has to manage the transportation needs of students living inside Wilmington who will not be eligible for transportation as they live within two miles of the school, of students living in Red Clay outside the City who are eligible for "door to door" service, and of students living outside the City in Brandywine, Colonial, and Christina who qualify for hub stops. Since students have until March 20th to enroll and students can fall into three vastly different groups, Freire is limited in its transportation planning presently. Freire will keep the Department of Education updated on changes to the transportation plan, if requested. Presently, our budget sheets have not changed.

- **Clarification regarding how the changes to the eRate Program impact the school's budget. Remove eRate consultant from the budget document.**

For the past three weeks, Freire Charter School Wilmington has been collaborating with DTI to gain a better understanding on how the changes to the eRate program will impact our school's budget. Specifically, in Year 1 we have switched our eRate reimbursable rate to 20% to reflect our pre-construction rate. In all future years it remains 90% based on our anticipated low-income population. The actual services for which we will receive reimbursement will be determined at DTI workshops on February 19<sup>th</sup>, March 16<sup>th</sup>, and March 23<sup>rd</sup>. We can amend our budget following these workshops per DDOE's request. As of now, the eRate consultant has been removed from our budget document.

# Charter Schools Program

## Title V, Part B of the ESEA

### Nonregulatory Guidance



**January 2014**

**(EXCERPT)**

### **E. Lottery, Recruitment, and Admissions**

**E-1. What is a lottery for purposes of the CSP?**

A lottery is a random selection process by which applicants are admitted to the charter school. 20 U.S.C. 7221i(1)(H).

**E-2. Under what circumstances must a charter school use a lottery?**

A charter school receiving CSP funds must use a lottery if more students apply for admission to the charter school than can be admitted. A charter school with fewer applicants than spaces available does not need to conduct a lottery. 20 U.S.C. 7221i(1)(H).

### **E-3. Are weighted lotteries permissible?**

Weighted lotteries (i.e., lotteries that give additional weight to individual students who are identified as part of a specified set of students, but do not reserve or set aside seats for individual students or sets of students) are permitted only in certain circumstances.

First, weighted lotteries may be used when they are necessary to comply with title VI of the Civil Rights Act of 1964; title IX of the Education Amendments of 1972; section 504 of the Rehabilitation Act of 1973; title II of the Americans with Disabilities Act of 1990, as applicable; the equal protection clause of the Constitution; or applicable State law.

Second, a charter school may weight its lottery to give a slightly better chance for admission to students seeking to change schools under the public school choice provisions of title I, part A of the ESEA for the limited purpose of providing greater choice to students covered by those provisions. For example, a charter school might provide each student seeking a transfer under title I with two or more chances to win the lottery, while all other students would have only one chance to win. 20 U.S.C. 7221i(1)(H).

Third, consistent with section 5204(a)(1) of the ESEA<sup>1</sup>, a charter school may weight its lottery to give slightly better chances for admission to all or a subset of educationally disadvantaged students if State law permits the use of weighted lotteries in favor of such students. Permission could be evidenced by the fact that weighted lotteries for such students are expressly permitted under the State charter school law, a State regulation, or a written State policy consistent with the State charter school law or regulation, or, in the absence of express authorization, confirmation from the State's Attorney General, in writing, that State law permits the use of weighted lotteries in favor of such students. Thus, if a State's charter school law permits charter schools to give additional weight to educationally disadvantaged students (or a subset thereof), a charter school in that State could weight its lottery in favor of such students or participate in a centralized lottery for multiple public schools that is weighted in favor of such students and remain eligible for CSP funding. For the purpose of this guidance, educationally disadvantaged students are students in the categories described in section 1115(b)(2) of the ESEA, which include students who are economically disadvantaged, students with disabilities, migrant students, limited English proficient students, neglected or delinquent students, and homeless students.

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<sup>1</sup> Section 5204(a)(1) of the ESEA is the provision of the CSP statute regarding selection criteria for State educational agencies that focuses on the contribution that the CSP will make to assisting educationally disadvantaged and other students in meeting State academic content and achievement standards.

Weighted lotteries may not be used for the purpose of creating schools exclusively to serve a particular subset of students. In addition, the Department strongly encourages charter schools that use weighted lotteries to do so as part of a broader strategy that includes fulfillment of their existing responsibilities related to outreach, recruitment, and retention for all students, including educationally disadvantaged students.

**E-3a. May existing grantees weight, or allow charter schools in the State to weight, their lotteries under the circumstances described in E-3?**

An existing grantee that wishes to use, or allow charter schools receiving CSP funds to use, weighted lotteries under the circumstances in E-3 must seek approval from the Department to do so by amending its grant application. Requests for approval to use weighted lotteries should be submitted to the Department and include the following:

1) Information concerning the circumstances in which a weighted lottery would be used, including the specific categories of students the weighted lottery would favor;

2) Evidence that –

a) When seeking approval to use weighted lotteries under the first circumstance in E-3, the use of weighted lotteries is necessary to comply with Federal or State law; or

b) When seeking approval to use weighted lotteries under the second or third circumstances in E-3, State law permits such use, which could be evidenced by the fact that weighted lotteries for such students are expressly permitted under the State charter school law, a State regulation, or a written State policy consistent with the State charter school law or regulation, or, in the absence of express authorization, confirmation from the State’s Attorney General, in writing, that State law permits the use of weighted lotteries in favor of such students;

3) Information concerning the mechanisms that exist (if any) for an oversight entity (e.g., the SEA or an authorized public chartering agency) to review, approve, or monitor specific lottery practices, including establishment of weight amounts if applicable;

4) Information concerning how the use of a weighted lottery for a permitted purpose is within the scope and objectives of the approved project; and

5) Information concerning the amount or range of lottery weights that will be employed or permitted and the rationale for these weights.

An applicant for future CSP competitions that wishes to use a weighted lottery should provide the pertinent information about its proposed lottery in its grant application.

**E-4. May a charter school exempt certain categories of applicants from the lottery and admit them automatically?**

A charter school that is oversubscribed and, consequently, must use a lottery, generally must include in that lottery all eligible applicants for admission. A charter school may exempt from the lottery only those students who are deemed to have been admitted to the charter school already and, therefore, do not need to reapply.

Specifically, the following categories of applicants may be exempted from the lottery on this basis:

- a) Students who are enrolled in a public school at the time it is converted into a public charter school;
- b) Students who are eligible to attend, and are living in the attendance area of, a public school at the time it is converted into a public charter school;
- c) Siblings of students already admitted to or attending the same charter school;
- d) Children of a charter school's founders, teachers, and staff (so long as the total number of students allowed under this exemption constitutes only a small percentage of the school's total enrollment); and
- e) Children of employees in a work-site charter school, (so long as the total number of students allowed under this exemption constitutes only a small percentage of the school's total enrollment).

When recruiting students, charter schools should target all segments of the parent community. A charter school must recruit in a manner that does not discriminate against students of a particular race, color, national origin (including English language learners), religion, or sex, or against students with disabilities; in order to meet this goal, charter schools should consider additional recruitment efforts toward groups that might otherwise have limited opportunities to participate in the charter school's programs. Once a student has been admitted to the charter school through an appropriate process, he or she may remain in attendance through subsequent grades. A new applicant for admission to the charter school, however, would be subject to the lottery if, as of the application closing date, the total number of applicants exceeds the number of spaces available at the charter school. 20 U.S.C. 7221b(b)(3)(I) and 7221i(1)(E), (G), and (H).

**E-5. May a charter school create separate lottery pools for girls and boys, in order to ensure that it has a reasonably equal gender balance?**

No, a charter school receiving CSP funds must hold one lottery that provides qualified students with an equal opportunity to attend the school. Therefore, a charter school receiving funds under the program is precluded from holding separate lotteries for boys and girls. Nor may a school weight its lottery in favor of one gender over another. A school seeking to increase participation of one gender should do so by targeting additional recruitment efforts toward that gender. 20 U.S.C. 7221b(b)(3)(l) and 7221i(1)(H).

**E-6. In addition to title V, part B, subpart 1 of the ESEA, what other statutory or regulatory authorities should a charter school receiving a CSP grant consider when developing its admissions policies?**

To be eligible for CSP start-up grants, a charter school's admissions practices must comply with applicable Federal and State laws. Exemptions from the lottery specified in E-4 above are permissible only to the extent that they are consistent with the State's charter school law, other applicable State laws, the school's charter, and any applicable title VI desegregation plans or court orders requiring desegregation. A charter school's admissions practices must also comply with part B of the Individuals with Disabilities Education Act and Federal civil rights laws, including, but not limited to, title VI of the Civil Rights Act of 1964; section 504 of the Rehabilitation Act of 1973; and title II of the Americans with Disabilities Act of 1990, as applicable. 20 U.S.C. 7221i(1)(E), (G), (H), and (K). See also A-3.

**E-7. What are a charter school's responsibilities with regard to outreach and recruitment?**

Section 5203(b)(3)(l) of the ESEA requires charter school grant and subgrant recipients to inform students in the community about the charter school and to give each student "an equal opportunity to attend the charter school". Further, section 5203(b)(3)(E) of the ESEA requires charter schools receiving CSP grants or subgrants to involve parents and other members of the community in the planning, program design, and implementation of the charter school.

As noted in E-4 above, charter schools may not discriminate in recruiting. Charter schools should reach out broadly to the community, including to English language learners and students with disabilities.

**E-8. May a tuition-based private preschool program that "feeds into" an elementary public charter school at the kindergarten level permit children enrolled in the**

**preschool program to continue in the elementary program without going through a lottery process?**

No. In order to qualify for funds under the CSP, a “charter school” must, in addition to meeting other requirements, be created as a public school and may not charge tuition. Therefore, the private preschool would not qualify as a charter school and would have to be operated separately from the elementary “charter school”. Accordingly, all applicants to the charter school, including students attending the private preschool, would have to be selected by lottery if there are more applicants than there are spaces available. See also B-10.

However, the statute does not preclude an elementary charter school in this type of situation from holding its lottery a few years early (e.g., when students are ready to enroll in the preschool). Under this approach, the charter school would have an affirmative responsibility to inform prospective applicants that winning the lottery does not require them to enroll in the private preschool. Thus, any child selected through the lottery would be guaranteed a slot in kindergarten a few years later, whether or not he or she enrolls in the preschool program.

Additionally, given the high mobility of children and families, schools that choose to exercise this option should ensure that families in the area, including those new to the area or that were not aware of the previous lottery are given the opportunity to apply for admission. Such admissions policies must meet the requirements of the CSP and might include holding a second lottery to fill vacancies created by normal attrition or the failure of early lottery winners to enroll in the charter school. 20 U.S.C. 7221b(b)(3)(E) and (b)(3)(I); and 7221i(1)(F) and (1)(H).

## Appendix 2

# Barclays Bank Delaware

## TERM SHEET

February 6, 2015

Freire Charter School of Wilmington

Re: \$1,100,000.00 Loan

Dear Ms. Davenport:

Barclays Bank Delaware (“Lender”) is currently considering extending a loan to Freire Charter School of Wilmington (“Freire” or “Borrower”) for the purpose described in paragraph 2 below, in an amount and upon the terms and conditions set forth below:

1. Amount. Lender shall make a loan to Borrower in the sum of One Million One Hundred Thousand Dollars (\$1,100,000.00) (the “Loan”) subject to the terms and conditions contained herein.

2. Purpose. All the loan proceeds will be use to fit out the building located at 201 W. 14<sup>th</sup> Street (the “School Premises”) to create traditional high school facilities, such as classrooms, hallways, offices, and lockers and to equip and furnish the School Premises as a high school.

3. Funding, Payment Terms and Interest Rate. The Loan shall be disbursed, bear interest from the date of funding through the date of repayment of the Loan in full, and be repaid in full, in accordance with the following terms:

(a) The Loan will be funded in two (2) separate installments:

(i) Tranche A will be disbursed in the amount of Eight Hundred Thousand Dollars (\$800,000.00) on a yet TBD date. Interest at the fixed rate of 6.25% will begin to accrue upon the funding of Tranche A but no payments will be due until August 31, 2015, at which time monthly payments of \$\_\_\_\_\_ shall be due and payable on the first day of each and every month after said date, for a period of 60 months.

(ii) Tranche B shall be disbursed in the amount of Three Hundred Thousand Dollars (\$300,000.00) on January 1, 2016. Interest at the fixed rate of 6.25% will begin to accrue upon the funding of Tranche B but no payment will be due until August 31, 2016, at

which time monthly payments of \$\_\_\_\_\_ shall be due and payable on the first day of each and every month after said date, for a period of 48 months.

(b) All outstanding principal and accrued but unpaid interest due under Tranche A and Tranche B shall be due and payable in full on August 31, 2020 (the "Loan Maturity Date").

(c) All interest shall be calculated for the actual number of days the principal is outstanding based on a 360 day year.

4. Security for Loan. The Loan shall be evidenced by Borrower's Promissory Note (the "Note") in the total amount of the Loan, which Note shall be in a form and substance and shall contain terms and conditions acceptable to Lender, in its sole and absolute discretion, and shall be secured by the following collateral (the "Collateral"), all of which must be satisfactory to Lender as to form, substance, terms and conditions, in Lender's sole and absolute discretion:

(a) The Borrower shall execute a Security Agreement and UCC-1 Financing Statement creating a security interest in all the tenant improvements, equipment, fixtures, furniture and other assets used by the Borrower in connection with the operation of the School Premises.

(b) The unconditional, irrevocable Guarantee and Suretyship Agreement (the Guarantee") of Freire Charter School of Philadelphia (the "Guarantor") to Lender. The Guarantor hereby agrees to be liable for the full amount of Borrower's obligations to Lender in the event of any default by Borrower, including any fees set forth in this Term Sheet.

(c) The Borrower shall collaterally assign its leasehold interest in the School Premises to Lender.

5. Closing Date. The Loan shall be closed (the "Closing") at such date as shall be mutually satisfactory to Borrower and Lender but no later than February 30, 2015 (the "Closing Date"). The time for the Closing Date and all other times hereunder are hereby agreed to be of the essence of this Term Sheet and none of the times or dates referred to herein shall be extended unless by consent in writing signed by Lender.

6. Loan Documents.

(a) Borrower and the Guarantors shall be required to execute and deliver to Lender, such instruments, documents, certificates and assurances Lender shall request in connection with closing the Loan on the basis herein defined (the "Loan Documents"). The Loan Documents shall, *inter alia*, consist of the following:

- i. the Note;
- ii. the Collateral Assignment of Lease;
- iii. Guaranty Agreement executed by Guarantor;
- iv. Security Agreement and UCC-1 Financing Statement;
- v. Written Opinion of Counsel for Borrower, dated the date of Closing and addressed to Lender in form satisfactory to Lender containing such opinions and assurances as Lender may require;
- vi. Any other agreement, guaranty, assignment or other document which Lender, in its sole discretion, deems appropriate to effect or perfect its interest or otherwise secure the Loan.

7. Conditions of Closing or Loan Disbursement. Lender's obligation to close or disburse the Loan is conditions upon (i) Borrower entering into a lease with the owner of the School Premises, on such terms and conditions as may be satisfactory to Lender, in its sole and absolute discretion; (ii) Borrower obtaining all necessary approvals from the City of Wilmington, State of Delaware and the Federal Government, and any regulatory agencies thereof, permitting Borrower to operate a duly licensed high school at the School Premises; and (iii) such other conditions as Lender may require in its sole and absolute discretion.

8. Non-Binding Term Sheet. This Term Sheet represents a non-binding summary of the principal terms of the Loan only and is not intended to be a contractual commitment by Lender to fund the Loan. Lender hereby reserves the right to amend or revise the terms contained herein and the final terms and conditions of the Loan shall only be reflected and evidence by the final loan documents fully approved by Lender and properly executed by Borrower, the Guarantor and all other appropriate parties.