

ATTACHMENT C
Property Acquisition Loan Original Agreement

LOAN AGREEMENT
(VICTORVILLE REDEVELOPMENT AGENCY)

THIS AGREEMENT is entered into this 3rd day of October, 2006, by the Victorville Redevelopment Agency (the "Agency").

The Agency agrees as follows:

Section 1. The Agency has been duly created and activated pursuant to the provisions of Section 33100, et. seq. of the Health and Safety Code of the State of California (the Act) by a duly adopted Ordinance of the City of Victorville, California.

Section 2. The Victor Valley Economic Development Authority was duly formed as a joint powers authority pursuant to a joint powers agreement (the "JPA") and has caused the adoption of the Victor Valley Redevelopment Plan, as amended (the "Redevelopment Plan").

Section 3. The Redevelopment Plan incorporates land within the jurisdictional boundaries of each of the JPA Members.

Section 4. The Agency is responsible for administering the Redevelopment Plan activities as they pertain to the portion of the Redevelopment Project Area that is within the jurisdictional boundaries of Victorville, exclusive of the former George Air Force Base.

Section 5. The Agency wishes to facilitate redevelopment within the City's portion of the Redevelopment Project Area in accordance with the Redevelopment Plan and to provide for the cooperation of the City of Victorville and the Agency in carrying out redevelopment activities.

Section 6. The Agency deems it desirable to cause the undertaking of various activities, including but not limited to, land acquisition and other redevelopment activities (collectively hereinafter referred to as the "Project Activities").

Section 6. The Agency, in administering the Redevelopment Plan within the jurisdictional boundaries of Victorville, on behalf of the Victor Valley Economic Development Authority, hereby agrees to loan Three Million Seven Hundred Fifty Thousand Dollars (\$3,750,000.00) from Victorville's portion of the Redevelopment Plan's low and moderate income fund to the Agency's

Non-Housing Fund to enable the Agency to fund the costs of the Project Activities. The Agency agrees to repay the Low and Moderate Housing Fund for funds loaned as follows:

All sums loaned from the Victorville portion of the Victor Valley Economic Development Authority's Low and Moderate Income Fund shall be repaid to said fund within three (3) years of the date of this Agreement, in accordance with the Promissory Note attached hereto as Exhibit "A" and incorporated herein by this reference. Any such sums advanced as a part of the loan shall bear interest at a rate equal to the Local Agency Investment Fund ("LAIF") Rate, and shall bear interest at such rate per annum from the date of payment by the Agency until repaid in full. The repayment obligation of the Agency hereunder shall be subordinate to any interim or permanent financing of the Agency.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first written above.

VICTORVILLE REDEVELOPMENT AGENCY

Mike Rothschil
Chairman

(SEAL)

ATTEST:

Carla Bates
Secretary

APPROVED AS TO FORM:

John Brubaker
Agency Counsel

EXHIBIT "A"

PROMISSORY NOTE

\$3,7500,000

Place: City of Victorville
14343 Civic Drive
Victorville, CA 92392

Date: October 3, 2006

FOR VALUE RECEIVED, the VICTORVILLE REDEVELOPMENT AGENCY (the "Agency"), ON BEHALF OF THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY NON- HOUSING FUND promises to pay to the VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY LOW AND MODERATE INCOME FUND (the "Fund"), the sum of Three Million Seven Hundred Fifty Thousand Dollars (\$3,750,000), representing the amount the Agency advanced to the Victor Valley Economic Development Authority Non-Housing Fund to cover necessary redevelopment activities. Payment of principal and any late charges shall be made as follows:

1. This Note shall have a term of three (3) years from the date set forth above (the "Term").

2. The Agency agrees to repay the Fund not later than the Term of the Note, the outstanding principal balance due hereunder, plus interest accrued thereon at the annualized (averaged) Local Agency Investment Fund ("LAIF") rate.

3. A failure to pay any sum provided for in this Note when due or a material breach of this Note shall entitle the Agency to declare all sums due hereunder immediately due and payable and to pursue all remedies available under this Note.

4. All payments due under this Note shall be made in lawful money of the United States in the name of the City of Victorville (the "City") at the principal office of the City, 14343 Civic Drive, Victorville, CA 92392, or at such other place as may from time to time be designated by the City in writing.

5. The Agency reserves the right to prepay at any time all or any part of the principal amount of this Note without the payment of penalties or premiums. All payments on this Note shall be applied first to the principal due on the Note and the remaining balance shall be applied to late charges, if any.

6. In the event the Agency shall fail to pay the payments when due, the unpaid principal amount of this Note, together with

late charges, shall become due and payable without further notice to the undersigned. If the payments on this Note are not paid within ten (10) days of the due date, the undersigned shall pay to the Fund a late charge of 5% on the amount past due. If this Note is reduced to judgment, such judgment shall bear the statutory interest rate on judgments.

7. In no event shall the total late charge payable hereunder exceed the maximum amount of interest permitted under the usury laws of the State of California, but applicable penalties for breach of the Agreement may include the full additional amounts of any assistance from federal, state or local funds which were applied to the construction and the purchase of the Property.

8. Demand, protest and notice of demand and protest are hereby waived and the undersigned hereby waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Note.

IN WITNESS WHEREOF, this Note has been duly executed by the undersigned, as of its date.

By: _____

A handwritten signature in black ink, appearing to be "VICTOR", written over a horizontal line.

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