§ 1804-a. Deed in lieu of foreclosure. 1. The authority is hereby authorized to require at the time of the making of the loan or issuance of the loan guarantee, or at any time thereafter, in a form acceptable to it, a deed to all rights and interests in the real or personal property, as a security interest, such deed to be termed a "deed in lieu of foreclosure", and is empowered hereby to record such deed upon a default in the payment or terms of any loan made or guaranteed by the authority. By such recording title to and all rights of ownership in such property shall be thereby transferred to the authority notwithstanding the existence of any other deeds which are, or may be, recorded after the filing of a notice by the authority concerning the existence of such deed in lieu of foreclosure in accordance with subdivision six of this section and such later recorded deeds except for the deed in lieu of foreclosure shall be void and unenforceable.

2. Notwithstanding such transfer, all liens upon such property which are duly perfected prior to the recording of such deed in lieu of foreclosure, including any lien of the authority, shall continue in full effect and shall be subject to foreclosure at the suit of any of the lienholders, including the authority, and such lienholders' mortgage or other security interest shall not be deemed merged or unenforceable by such transfer.

3. Such deed given prior to recording shall be fully effective in passing title and all rights of ownership upon recording thereof by the authority notwithstanding the passage of time or changes in the ownership and officers of the project owner.

4. Notice that such deed in lieu of foreclosure exists shall be recorded in the office of the clerk of the county where such real or personal property is situated and shall be in the form prescribed in subdivision six of this section.

5. After the recording of such deed by the authority, the authority shall commence a foreclosure action upon its lien within one hundred twenty days in accordance with the real property actions and proceedings law. The grantor and former project owner may commence an action to

compel the authority to foreclose its lien after such period of time, and is entitled to the excess of funds received from the foreclosure sale over the total liens outstanding on the property.

6. Such notice shall be in the form of a deed, duly acknowledged by the grantor and stating on its face "This is a security interest held by the New York job development authority and shall pass title to the within described property upon the recording of such deed in accordance with section eighteen hundred four-a of the public authorities law".