§ 2874. Loans. 1. Any eligible borrower may, subject to the approval of the commissioner, borrow funds from the agency and the repayment thereof may be secured by bond or note and mortgage or other agreement which shall contain such terms and conditions as may be deemed necessary or desirable by the agency or required by any agreement between the agency and the holders of its notes and bonds, including the right to assignment of rates and charges and entry into possession in case of default, but the operation of such project, in the event of such entry, shall be subject to regulations promulgated by the commissioner.

2. The agency may make contracts to make loans to an eligible borrower in an amount not to exceed the total project cost. Any such loan which constitutes a mortgage loan as defined in the New York state medical care facilities finance agency act shall be secured by a first mortgage lien upon all the real property and improvements of which the project consists and upon all personal property attached to or used in connection with the operation of the project. In the case of a mortgage loan in an amount greater than ninety per centum of the total project cost, the commissioner may, in his discretion, require satisfactory independent guarantees that the loan will be repaid according to the terms of the bond or note and mortgage of the eligible borrower. Any mortgage loan may be further secured by such a lien upon other real property owned by the eligible borrower. Notwithstanding the foregoing provisions of this subdivision or any other provision of this article to the contrary, any personal property may be excluded from the lien of the mortgage securing such a mortgage loan, provided (a) the commissioner finds that such property is not essential for the rendition of required hospital services as such term is defined in article twenty-eight of this chapter, and (b) the agency consents to such exclusion.

3. In connection with assistance grants which are made by the state, federal government or a municipality to reimburse the eligible borrower for project costs which have been paid for by such eligible borrower from the proceeds of a loan or such other funds which are legally made available to the eligible borrower, the eligible borrower shall hold and apply such assistance grants in accordance with the requirements of the commissioner and the agency.

4. Any inconsistent provision of law to the contrary notwithstanding, mortgages of an eligible borrower shall be exempt from the mortgage recording taxes imposed by article eleven of the tax law.

5. The dormitory authority of the state of New York and the New York state urban development corporation are each hereby authorized to issue bonds in one or more series pursuant to article 5-C or article 5-F of the state finance law for the purpose of refunding outstanding secured hospital project bonds, as defined in subdivision three-a of section twenty-eight hundred seventy-two of this article, and to finance one or more related debt service reserve funds and to pay costs of issuance attributable to such refunding bonds.