SUBORDINATION AGREEMENT

This **SUBORDINATION AGREEMENT** (the “**Agreement**”) is made as of

, 20 , by [INSERT NAME OF MORTGAGEE], a [Delaware] Corporation having its office and place of business at [INSERT ADDRESS] and the SECRETARY OF THE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT of Washington D.C.

(collectively, the “**Federal Secured Parties**”) and THE CITY OF NEW YORK, a New York municipal corporation acting by and under its DEPARTMENT OF DESIGN AND CONSTRUCTION having an office at 30-30 Thomson Avenue, Long Island City, New York 11101.

PRELIMINARY STATEMENT

1. The Federal Secured Parties and [INSERT NAME OF FUNDING RECIPIENT] (“**Debtor**”) entered into a Security Agreement dated as of [ ] (the “**Federal Security Agreement**”) pursuant to which Debtor granted to the Federal Secured Parties a security interest (“**Federal Security Interest**”) in certain collateral (as more fully described in Exhibit A hereto, the “**Federal Collateral**”) as security for certain obligations of Debtor to the Federal Secured Parties more fully described in said Federal Security Agreement.
2. The Federal Secured Parties perfected their Federal Security Interest under Article 9 of the Uniform Commercial Code in New York by filing a Uniform Commercial Code Financing Statement (Form UCC-1) with each of the New York Secretary of State and the Office of the City Register for [ ] County (the “**Federal UCC-1s**”).
3. Debtor has applied to the City of New York (“**City**”) for City Capital funds (“**Funding**”) to reimburse Debtor for costs and expenses incurred by Debtor for the acquisition of certain items of machinery and equipment that Debtor will use in connection with the operation of [INSERT NAME OF FUNDING RECIPIENT] (as more fully described in Exhibit B hereto, the “**City Collateral**.
4. The Federal Collateral includes a broad scope of the Debtor’s assets, including, without limitation, certain assets of the Debtor “now owned or hereafter from time to time acquired,” and, by definition, the Federal Collateral comprises the assets of the Debtor that constitute the City Collateral.
5. It is a condition of the Funding that, among other things, Debtor dedicate the City Collateral to a bona fide City purpose determined by the City and that Debtor execute and deliver to the City a Security Agreement (“**City Security Agreement**”) granting the City a first priority security interest in the City Collateral (“**City Security Interest**”) as security for the obligations of Debtor to the City in connection with the Funding.
6. The City intends to perfect its City Security Interest in the City Collateral under Article 9 of the Uniform Commercial Code in New York by filing a Uniform Commercial Code Financing Statement (Form UCC-1) with each of the New York Secretary of State and the Office of the City Register for [ ] County (the “**City UCC-1s**”).
7. It is also a condition of the Funding that the Federal Secured Parties subordinate their Federal Security Interest in the City Collateral to the City Security Interest.
8. To facilitate the grant of the Funding by the City to Debtor, the Federal Secured Parties are willing to subordinate the Federal Security Interest in the City Collateral to the City pursuant to this Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Federal Secured Parties agree as follows:

1. The Federal Security Interest in those items of the City Collateral shall be subject and subordinate to City Security Interest in the City Collateral irrespective of the order in which the Federal Security Agreement and the City Security Agreement may have been executed and delivered by the Debtor, the Federal Security Interest and the City Security Interest may have been granted by the Debtor, and the Federal UCC-1s and the City UCC-1s may have been filed with the New York Secretary of State and the Office of the City Register for [ ] County.
2. The Federal Secured Parties agree that the City Security Interest shall have the same validity, priority, and effect as if Debtor had executed and delivered the City Security Agreement, granted the City Security Interest to the City and filed or caused to be filed the City UCC-1s with the New York Secretary of State and the Office of the City Register for [ ] County prior to the date that Debtor executed and delivered the Federal Security Agreement, granted the Federal Security Interest to the Federal Parties and filed or caused to be filed the Federal UCC-1s with the New York Secretary of State and the Office of the City Register for [ ] County.
3. The Federal Secured Parties acknowledge that the City is relying on this instrument in its determination to make the Funding available to Debtor.
4. The City understands and agrees that nothing in this instrument shall in any way alter, change, or modify the terms and conditions of the Federal Security Agreement, or in any way release or affect the attachment, validity, perfection, or priority of the Federal Security Interest, except with respect to the City Security Interest as provided herein.
5. The terms, covenants, and agreements of this Agreement shall inure to the benefit of the City and its successors, assigns and transferees and shall be binding upon the Federal Secured Parties and their respective successors, assigns and transferees.

[INSERT NAME[S] OF MORTGAGEE[S]] U.S. DEPARTMENT OF HOUSING AND

URBAN DEVELOPMENT

By: By: Name: Name:

Title: Title:

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STATE OF )

: SS.:

COUNTY OF )

On this day of , 20 , before me, a Notary Public, personally appeared , to me personally known to be the , and who being by me duly sworn, subscribed their name to the foregoing instrument as an officer of said corporation and acknowledged the execution of such instrument as the voluntary act and deed of said corporation.

Notary Public

My Commission Expires:

STATE OF )

: SS.:

COUNTY OF )

On this day of , 20 , before me, a Notary Public, personally appeared , to me personally known to be the , and who being by me duly sworn, subscribed their name to the foregoing instrument as an officer of said corporation and acknowledged the execution of such instrument as the voluntary act and deed of said corporation.

Notary Public

My Commission Expires:

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EXHIBIT A FEDERAL COLLATERAL

(SEPARATE ATTACHMENT)

[All building materials, equipment, furniture, furnishings, accounts receivable or other property installed or to be installed or used in and about the building or buildings now erected or hereafter to be erected upon the lands secured by the FHA Mortgage from Debtor to Secured party dated as of [ ] herewith situated in the Borough of [ ], County of [ ] and State of New York, being FHA Project No. [ ] (the “Project”) which are necessary to complete the comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, including, but not limited to, all gas and electric appliances and fixtures; all engines, motors, dynamos, elevators, and machinery; all boilers, radiators, heaters, furnaces, stoves, heating equipment; all stoves, ranges, and cooking equipment; all bathtubs, sinks, basins, pipes, hot-water boilers, faucets, and other plumbing fixtures; all mantels; cabinets; all washing machines, laundry tubs, and ironers; all lighting, air-conditioning and ventilating equipment; all awnings, shades, screens and venetian blinds; and all incinerating equipment, together with appurtenances thereto; all equipment used in the diagnosis and treatment of patients; and all building material and equipment now or hereafter delivered to the premises and intended to be installed therein, such goods, equipment, chattels and personal property as are commonly used in the fully furnishing of and the equipping of a hospital, whether personal property, inventory or fixtures, whether now owned or hereafter from time to time acquired by the Debtor, together with all substitutions, replacements, additions, attachments, accessories, accretions, their component parts thereto or thereof, all other items of like property installed or to be installed or used therein and any and all proceeds thereof whether now in existence or hereafter arising.

EXCEPTING AND EXCLUDING THEREFROM any property or fixtures as described above which are now subject to security interests, but only so long as such security interests remain outstanding, and further excepting any personal property or fixtures now or hereafter held or used by Debtor as lessee, but only so long as the Debtor is the lessee, and further excepting and excluding, any property as described above acquired or to be acquired by Debtor, other than items in replacement of those covered by the Security Agreement of which this Schedule is a part, during the time when said items are covered by purchase money security interests in third parties as evidenced by the filing of Uniform Commercial Code Financing Statements in the appropriate filing offices.

Nothing in this Schedule “A” shall relieve Debtor of its obligations under the Regulatory Agreement between Debtor and the Secretary of Housing and Urban Development as the same may be amended from time to time.]

Exhibit A-1

EXHIBIT B CITY COLLATERAL

(SEPARATE ATTACHMENT)