

**COUNTY OF ROCKLAND INDUSTRIAL DEVELOPMENT AGENCY,
and
MIRANT LOVETT, LLC
As Mortgagors**

TO

**THE TOWN OF STONY POINT, COUNTY OF ROCKLAND AND HAVERSTRAW-
STONY POINT CENTRAL SCHOOL DISTRICT
As Mortgagee**

PILOT MORTGAGE

DATED AS OF JUNE 30, 2006

**RELATING TO THE PREMISES COMMONLY KNOWN AS THE LOVETT
ELECTRIC GENERATING FACILITY, LOCATED IN THE TOWN OF STONY
POINT, ROCKLAND COUNTY, NEW YORK**

PILOT MORTGAGE

THIS PILOT MORTGAGE dated as of June 30, 2006 (the “**PILOT Mortgage**”) from **COUNTY OF ROCKLAND INDUSTRIAL DEVELOPMENT AGENCY**, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and validly existing under the laws of the State of New York, with an office at One Blue Hill Plaza, Pearl River, New York (the “**Agency**”), and **MIRANT LOVETT, LLC**, a limited liability company duly organized and validly existing under the laws of the State of Delaware and authorized to do business in the State of New York, with an office at 37 Elm Street, Tompkins Cove, New York (the “**Company**”) (the Agency and the Company being sometimes hereinafter collectively, the “**Mortgagor**”) to the **COUNTY OF ROCKLAND**, a body corporate and politic existing under the laws of the State of New York, with an office at 11 New Hempstead Road, New City, New York (the “**County**”), **TOWN OF STONY POINT**, a body corporate and politic existing under the laws of the State of New York, with an office at 74 East Main Street, Stony Point, New York (the “**Town**”), and the **HAVERSTRAW-STONY POINT CENTRAL SCHOOL DISTRICT**, a central school district of the State of New York, with an office at 65 Chapel Street, Garnerville, New York (the “**School District**”) (The County, Town, and School District being sometimes collectively referred to as the “**Tax Jurisdictions**”), as mortgagee (the “**Mortgagee**”).

WITNESSETH:

That to secure the obligation of the Company to make the payments due and payable (without right of acceleration) under that certain Payment In-Lieu of Taxes Agreement dated as of June 1, 2006 (the “**PILOT Agreement**”) between the Agency, the Company and the Tax Jurisdictions, plus interest thereon pursuant to the PILOT Agreement (the “**Indebtedness**”), the Mortgagor hereby mortgages to the Mortgagee all of the interests of the Mortgagor in the following (hereinafter collectively referred to as the “**Mortgaged Premises**”):

ALL right, title and interest of the Mortgagor, including leasehold interests and easements in that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Town of Stony Point, County of Rockland and State of New York, as more particularly described on Exhibit A attached hereto;

TOGETHER with all right, title and interest of the Mortgagor in and to the land lying in the streets and road in front of and adjoining said premises; and

This Mortgage, when recorded, shall constitute a perfected, first priority lien against the Mortgaged Premises, prior in right to all other mortgages and any other security interests in the Mortgaged Premises that are or may be granted by Mortgagor;

AND, to the extent applicable, the Agency and the Company and to each other covenants with the Mortgagee as follows:

Section 1. The Company will timely perform all of its obligations under the PILOT Agreement and will timely pay all amounts due thereunder.

Section 2. The Mortgagor and the Mortgagee agree to amend and restate this PILOT Mortgage upon the Company's payment to the Trust Account (as such term is defined in the PILOT Agreement) administered by the County, as trustee, of the Settlement Payment (as such term is defined in the PILOT Agreement). Such amended and restated PILOT mortgage shall eliminate the Settlement Payment from the obligations secured by this PILOT Mortgage.

Section 3. That if any action or proceeding be commenced (except an action to foreclose this PILOT Mortgage or to collect the debt secured thereby), to which action or proceeding the Mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this Mortgage, all sums paid by the Mortgagee for the expense of any litigation to prosecute or defend the rights and lien created by this PILOT Mortgage (including reasonable counsel fees and all costs and disbursements incurred in connection with such litigation) shall be paid by the Company, together with interest thereon at the applicable rate prescribed by Title I of Article 18-A of the General Municipal Law, and any such sum and the interest thereon shall be a lien on said Mortgaged Property, prior to any right, title to, interest in or claim upon said Mortgaged Property attaching or accruing subsequent to the lien of this Mortgage, and shall be deemed to be secured by this Mortgage. In any action or proceeding to foreclose this Mortgage, the provision of law respecting the recovery of costs, disbursements and allowance shall prevail unaffected by this covenant.

Section 4. Mortgagee's enforcement of its rights under this PILOT Mortgage shall be expressly subject to the limitation that no such rights may be exercised until the Company shall be in default in the making of any payment to any of the Mortgagees under the PILOT Agreement for a period of thirty (30) days from the date on which a payment is due and written notice of such default from Mortgagee shall have been given to the Company at least thirty (30) days prior to the exercise of such rights.

Section 5. The obligations and agreements of the Agency as Leasehold Mortgagor only contained herein and in any other instrument or document executed in connection herewith, and any other instrument or document supplemental hereto, shall not be deemed the obligations and agreements of any member, officer, agent or employee of the Agency, and the members, officers, agents and employees of the Agency shall not be liable personally hereon or be subject to any personal liability or accountability based upon or in respect hereto or of any transaction contemplated hereby. The obligations and agreements of the Agency contained herein shall not constitute or give rise to any obligations of the County of Rockland or the State of New York, and further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited, non-recourse obligations of the Agency payable solely from the revenues of the Agency, if any, derived and to be derived from the sale, lease or other disposition of the Project (if any and as and to the extent defined in the PILOT Agreement).

Section 6. An "**Event of Default**" by the Company, as used herein shall mean:

- a. failure of the Company to make any payments to or for the benefit of Mortgagees required to be paid pursuant to the PILOT Agreement;
- b. conversion of the Company's bankruptcy case to a proceeding under Chapter 7 of the United States Bankruptcy Code;
- c. following confirmation of the Company's bankruptcy case, the entry of a subsequent order for relief for the Company commencing a case under Chapter 7 of the United States Bankruptcy Code;
- d. the voluntary or involuntary granting of a lien or interest in the Project Facility senior to or *pari passu* with the liens and interests of the Tax Jurisdictions;
- e. the occurrence of an event of default which leads to the commencement or institution of foreclosure proceedings against the Mortgaged Premises under that certain Credit Agreement dated as of January 3, 2006, among Mirant North America, LLC, the several banks and other financial institutions or entities party thereto from time to time, including Deutsche Bank Securities, Inc. and Goldman Sachs Credit Partners, L.P., as co-syndication agents, and JPMorgan Chase Bank, N.A. as administrative agent; or
- f. the occurrence of an event of default which leads to the commencement or institution of foreclosure proceedings against the Mortgaged Premises under that certain (A) Debtor-In-Possession Credit Agreement dated as of January 3, 2006, among the Company, Mirant New York, Inc., Mirant Bowline, LLC, and Hudson Valley Gas Corporation ("HVG") and Mirant North America, LLC and Mirant Americas Energy Marketing, LP (succeeded by Mirant Energy Trading, LLC) and (B) Debtor-in-Possession Credit Agreement dated as of January 3, 2006, among the Company, Mirant New York, Inc., Mirant Bowline, LLC, and HVG and Mirant Corporation.

Provided, however, that no Event of Default shall occur until and unless such default continues beyond any applicable cure or grace period provided in this PILOT Mortgage, the Lease Agreement or the PILOT Agreement, as the case may be above.

Section 7. Mortgagee Rights and Remedies.

a. Subject to the provisions of the PILOT Agreement and the provisions of Section 4 herein, upon the occurrence and during the continuation of an Event of Default, Mortgagee may, in addition to any other rights or remedies available to it hereunder, at law or in equity, take such action, as may be permitted by applicable law, as is necessary to protect and enforce its rights against the Mortgagor in and to the Mortgaged Premises including, but not limited to, the following actions:

- i. institute proceedings for the foreclosure of this Mortgage; or

ii. pursue such other remedies as Mortgagee may have hereunder, under applicable law or in equity (including any statutorily authorized rights for extra judicial power of sale).

b. The proceeds of any sale made under or by virtue of this Section 7, together with any other sums which then may be held by Mortgagee, collectively, under this Mortgage, whether under the provisions of this paragraph or otherwise, shall be applied as follows:

First: To payment of the reasonable costs and expenses of any such sale including reasonable out-of-pocket costs of Mortgagee, its agents and counsel, and of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made by Mortgagee, and all taxes required to be paid in connection with such sale of the Mortgaged Premises, except any taxes or other charges subject to which Mortgaged Premises shall have been sold; Second: To the payment of the Company's due but unpaid (without acceleration) liabilities and obligations pursuant to the PILOT Agreement; Third: The surplus, if any, to the Company or to whomsoever may be lawfully entitled to receive the same if not the Company.

c. Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this PILOT Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales and, except as otherwise provided by any applicable provision of law, Mortgagee, without further notice of publication, may make such sale at the time and place to which the same shall be so adjourned.

d. To the extent permitted by applicable law, no recovery of any judgment by Mortgagee and no levy of an execution under any judgment upon the Mortgaged Premises or upon any other property of the Mortgagor shall affect in any manner or to any extent the first priority lien as ordered by the Bankruptcy Court and as set forth on Exhibit B attached hereto and made a part hereof of this PILOT Mortgage upon the Mortgaged Premises or any part thereof, or any liens, rights, powers or remedies of Mortgagee hereunder, but such liens, rights, powers and remedies of Mortgagee shall continue unimpaired.

e. Notwithstanding anything herein to the contrary, it is expressly understood that the above referenced remedies shall be available to Mortgagees as follows:

i. To any Mortgagee to which the Company has failed to make the required payments under the PILOT Agreement.

ii. To any Mortgagee in the event of any default under Section 6(b), (c), (d), (e) or (f) above.

Section 8. To the extent permitted by applicable law, no remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute. No delay or omission of Mortgagee in exercising any right or power accruing upon an Event of

Default shall impair any such right or power, or shall be construed to be a waiver of such Event of Default, or any acquiescence therein. Without limiting the generality of the foregoing, any payment made by Mortgagee for insurance premiums, taxes, assessments, water rates, sewer rentals, levies, fees or any other charges affecting the Mortgaged Premises shall not constitute a waiver of the Mortgagor's obligations in making such payments and shall not obligate Mortgagee to make any further payments. Nothing in this PILOT Mortgage or in the PILOT Agreement shall affect the obligation of the Company to perform under the PILOT Agreement in the manner and at the time and place therein expressed.

Section 9. Notwithstanding anything herein to the contrary, upon the Company's election, it may substitute for the security provided by this PILOT Mortgage with respect to Recapture Payments (as such term is defined in the PILOT Agreement) a letter of credit satisfactory to the Tax Jurisdictions (in their reasonable discretion) as to form and source. Upon such election and the approval and effectiveness of the letter of credit, this PILOT Mortgage shall be amended and restated to reflect such substitution of security as to the Recapture Payments.

Section 10. All notices, certificates and other communication hereunder shall be in writing and shall be sufficiently given and shall be deemed given when (a) sent to the applicable address stated below by registered or certified mail, return receipt requested or by telecopy or other electronic means of communication, followed by prompt written confirmation thereof, or by such other means as shall provide the sender with documentary evidence of such delivery, or (b) delivery is refused by the addressee, as evidenced by the affidavit of the person who attempted to effect such delivery. The addresses to which notices, certificates and other communication hereunder shall be delivered are as follows:

a. If to the Town:

Town of Stony Point
Town Hall
74 East Main Street
Stony Point, New York 10980
Attention: Supervisor
Telephone No.: (845) 786-2716
Telecopy No.: (845) 786-3248

with copies to:

Whiteman, Osterman & Hanna, LLP
One Commerce Plaza
Albany, New York 12260
Attention: Jonathan P. Nye Michael Whiteman
Telephone No.: (518) 487-7600 (518) 487-7600
Telecopy No.: (518) 487-7777 (518) 487-7777

Town Attorney
Town Hall
74 East Main Street
Stony Point, New York 10980
Attention: Dennis Lynch
Telephone No.: (845) 786-2716
Telecopy No.: (845) 786-3248

b. If to the School District:

Haverstraw-Stony Point Central School District
65 Chapel Street
Garnerville, New York 10923
Attention: Superintendent
Telephone No.: (845) 942-3000
Telecopy No.: (845) 942-3175

with copies to:

Whiteman, Osterman & Hanna, LLP
One Commerce Plaza
Albany, New York 12260
Attention: Jonathan P. Nye Michael Whiteman
Telephone No.: (518) 487-7600 (518) 487-7600
Telecopy No.: (518) 487-7777 (518) 487-7777

Haverstraw-Stony Point Central School District
65 Chapel Street
Garnerville, New York 10923
Attention: Assistant Superintendent for Business
Telephone No.: (845) 942-3006
Telecopy No.: (845) 942-3026

c. If to the County:

County of Rockland
Allison Parris County Office Building
11 New Hempstead Road
New City, New York 10956
Attention: County Executive
Telephone No.: (845) 638-5122
Telecopy No.: (845) 638-5856

with copies to:

Office of the County Attorney
Allison Parris County Office Building
11 New Hempstead Road
New City, New York 10956
Attention: County Attorney
Telephone No.: (845) 638-5180
Telecopy No.: (845) 638-5676

County Finance Department
Sain Building
18 New Hempstead Road
New City, New York 10956
Attention: Chris Kopf
Telephone No.: (845) 638-5135
Telecopy No.: (845) 638-5644

d. If to the Agency:

County of Rockland Industrial Development Agency
One Blue Hill Plaza
P.O. Box 1575
Pearl River, New York 10965
Attention: Chairperson and Executive Director
Telephone No.: (845) 735-7040
Telecopy No.: (845) 735-5736

with a copy to:

Montalbano, Condon & Frank, P.C.
67 North Main Street, P.O. Box 1070
New City, New York 10956
Attention: Anthony Montalbano Sydell Green
Telephone No.: (845) 634-7010 (845) 634-7010
Telecopy No.: (845) 634-8993 (845) 634-8993

e. If to the Company:

Mirant Lovett, LLC
c/o Mirant New York, Inc.
8711 Westphalia Road
Upper Marlboro, Maryland 20774
Attention: President
Telephone No.: (301) 669-8047
Telecopy No.: (301) 669-8002

with copies to:

Hiscock & Barclay, LLP
One Park Place
300 South State Street, P.O. Box 4878
Syracuse, New York 13221
Attention: Peter H. Swartz Matthew S. Moses
Telephone No.: (315) 425-2792 (315) 425-2765
Telecopy No.: (315) 425-8592 (315) 425-8565

Mirant Corporation
1155 Perimeter Center West
Atlanta, Georgia 30338-5416
Attention: General Counsel
Telephone No.: (678) 579-5000
Telecopy No.: (678) 579-6767

The parties by notice given hereunder to each of the others, may designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent. All such notices, demand, requests, consents, or other communications, if given to one party, shall be given to all parties.

Section 11. Terms with capitalized first initials used in this PILOT Mortgage shall have the meanings ascribed to such terms in the PILOT Agreement unless the context otherwise requires.

Section 12. If an Event of Default shall have occurred and be continuing, Mortgagee (subject to the provisions of Sections 4 and 7 hereof), as a matter of right and without notice to the Mortgagor, unless otherwise required by applicable law, and without regard to the adequacy of the Mortgaged Premises as collateral or security, shall have the right to appoint a receiver or receivers and the Mortgagor hereby irrevocably consents to such appointment.

Section 13. The Company represents and warrants that the Mortgagor has good and insurable title to the Mortgaged Premises subject to the Underlying Lease and the Agency's Leasehold Interest.

Section 14. The Company represents and warrants that, in the case of a foreclosure sale, the Mortgaged Premises may be sold in one parcel.

Section 15. This PILOT Mortgage may not effectively be waived, discharged, amended, changed, modified, altered or terminated, unless such amendment, change, modification, alteration or termination is in a writing intended for such purpose and executed and delivered by the Mortgagee and the Mortgagor.

Section 16. If any article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion of this PILOT Mortgage shall for any reason be finally held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent, and the remainder of this PILOT Mortgage shall be and remain in full force and effect and shall not be invalidated or rendered illegal or enforceable or otherwise affected by any such holding or adjudication.

Section 17. This PILOT Mortgage shall be governed by and construed in accordance with the laws of the State of New York, exclusive of New York's conflict of Laws, rules and public policies. This PILOT Mortgage constitutes the final expression of the agreement between the Mortgagor and the Mortgagee with respect to its subject matter, and all prior and contemporaneous discussions, negotiations, drafts and agreements are hereby merged into and superseded by this Mortgage. Notwithstanding the foregoing, it is expressly agreed that the PILOT Agreement and each of the Company's obligations thereunder shall survive the execution, delivery and recording of this Mortgage.

Section 18. If any action or proceeding be commenced by or on behalf of the Mortgagee to foreclose this Mortgage, the Company agrees to pay to the Mortgagee its reasonable attorneys' fees and other expenses incurred in connection with such action or proceeding, and such amounts shall be a lien on the Mortgaged Premises prior to any right or title to, or interest in, or claim upon the Mortgaged Premises attaching or accruing subsequent to the lien of this Mortgage.

Section 19. The rights of the Mortgagee under this PILOT Mortgage are independent of and cumulative to its rights, with respect to the collection of special assessments and special ad valorem levies, if any, lawfully assessed against the Mortgaged Premises or any part thereof.

Section 20. So long as any portion of the obligations of the Company under the PILOT Agreement shall remain outstanding, the title to the Mortgaged Premises and the lien of this PILOT Mortgage shall not merge, but shall always be kept separate and distinct.

Section 21. The covenants contained in this PILOT Mortgage shall run with the land and bind the Mortgagor, the heirs, personal representatives, successors and assigns of the Mortgagor and all subsequent owners, encumbrances, tenants and subtenants of the premises,

and shall inure to the benefit of the Mortgagee, the personal representatives, successors and assigns of the Mortgagee and all subsequent holders of this Mortgage.

Section 22. Upon the termination of the PILOT Agreement, the Mortgagee by acceptance of this PILOT Mortgage agrees to execute and deliver any and all instruments necessary and/or appropriate to discharge the lien of this PILOT Mortgage of record.

Section 23. The Mortgagee will record or cause this PILOT Mortgage to be recorded in all offices where recordation hereof is necessary and the Company will pay or cause to be paid, all documentary stamp taxes, if any, which may be imposed by any Governmental Authority upon this Mortgage.

IN WITNESS WHEREOF, this PILOT Mortgage has been duly executed by the Mortgagor as of the date first written above.

**COUNTY OF ROCKLAND INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Eric Dranoff
Chairperson of the Board of Directors

MIRANT LOVETT, LLC, a Delaware limited liability company

By: Its Managing Member, Mirant New York, Inc., a Delaware corporation

By: _____
Jeffrey R. Perry
President

STATE OF NEW YORK)
) SS.:
COUNTY OF _____)

On the ____ day of _____ in the year 2006, before me, the undersigned, personally appeared **ERIC DRANOFF, Chairperson of the Board of Directors of the Agency**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

STATE OF NEW YORK)
) SS.:
COUNTY OF _____)

On the ____ day of _____ in the year 2006, before me, the undersigned, personally appeared **JEFFREY R. PERRY, President of the Company**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

EXHIBIT A

Description of the Mortgaged Premises

EXHIBIT B
Bankruptcy Order