

PROMISSORY NOTE

I, Paul Schranck, Senior Vice President of Operations for DURANGO & SILVERTON NARROW GAUGE RAILROAD and acting on behalf of DURANGO & SILVERTON NARROW GAUGE RAILROAD (hereafter referred to as debtor), affirm and acknowledge that DURANGO & SILVERTON NARROW GAUGE RAILROAD is indebted to the United States Department of Agriculture (USDA), Forest Service, in the principal sum of \$17,138.56, arising from the October 6, 2012, Goblin Fire wildfire on the San Juan National Forest.

I acknowledge that the above stated amount represents a true and correct sum DURANGO & SILVERTON NARROW GAUGE RAILROAD owes the USDA, Forest Service. Neither I nor DURANGO & SILVERTON NARROW GAUGE RAILROAD assert any counterclaims or offset whatsoever respecting this debt.

PROMISE to PAY: I, on behalf of DURANGO & SILVERTON NARROW GAUGE RAILROAD, promise to pay to the order of the USDA, Forest Service, the sum of \$17,138.56 in two installments of not less than \$8,569.28 each.

PAYMENT SCHEDULE: The first payment shall be paid no later than April 30, 2015. The second, and final, payment shall be paid no later than July 1, 2015.

Payments shall be mailed to:

USDA Forest Service
c/o Citibank
P.O. Box 894183
Los Angeles, CA 90189-4183

To properly credit the DURANGO & SILVERTON NARROW GAUGE RAILROAD account, I will enclose a copy of the Bill for Collection with each payment.

DEFAULT: If any such installment payment remains unpaid for a period of 10 days, the entire amount of this obligation, with all previously waived interest, penalty, and administrative costs as described in the bill sent from the Forest Service to DURANGO & SILVERTON NARROW GAUGE RAILROAD on March 16, 2015, less payments actually made, shall thereupon become immediately due and payable at the option of the USDA, Forest Service, without demand or notice, said demand and notice being hereby expressly waived.

Should DURANGO & SILVERTON NARROW GAUGE RAILROAD fail to make a payment in accordance with this agreement, the USDA, Forest Service will refer the unpaid obligation, to include any and all previously waived fees and interest, to the Department of the Treasury (Treasury) for Cross Servicing. The Debt Collection Improvement Act of 1996, as amended, authorizes Treasury to:

- Disclose the debt to a consumer reporting agency and DURANGO & SILVERTON NARROW GAUGE RAILROAD will be responsible for this past due debt;
- Refer the debt to a private collection agency for further collection action;


- Collect by administrative offset, including tax refunds;
- Refer the debt to the Department of Justice for civil litigation; and/or
- Report the debt, if discharged, to IRS as potential taxable income.

Interest, penalty, and administrative costs, including costs of this referral, will continue to be added to this debt.

Treasury will enter this debt into their Treasury Offset Program (TOP), and will reduce or withhold any eligible Federal payments due DURANGO & SILVERTON NARROW GAUGE RAILROAD by the amount of the debt. This process, known as "offset," is authorized by the Debt Collection Act of 1982, as amended by the Debt Collection Improvement Act of 1996. Treasury is not required to further notify me before payment is offset. Federal payments eligible for administrative offset include:

- Income tax refunds;
- Federal salary pay, including military pay;
- Federal retirement, including military retirement pay;
- Contractor/vendor payments;
- Certain Federal benefit payments, such as Social Security, Railroad Retirement (other than tier 2), and Black Lung (part B) benefits; and
- Other Federal payments, including certain loans that are not exempt from administrative offset.

3/16/15
Date


Signature PAUL SCHRANCK
Senior Vice President of Operations
Durango & Silverton Narrow Gauge
Railroad

