

## PROMISSORY NOTE

The Durango and Silverton Narrow Gauge Railroad (hereafter referred to as debtor), does affirm and acknowledge that it is indebted to the United States Department of Agriculture (USDA), Forest Service, in the principal sum of \$15,696.81, arising from costs related to the May 27, 2012, Needleton Fire on the San Juan National Forest. The debtor does acknowledge that the above stated amount represents a true and correct sum the debtor owes the USDA, Forest Service. The debtor asserts no counterclaims or offset whatsoever respecting this debt.

**PROMISE to PAY:** The debtor promises to pay to the order of the USDA, Forest Service, the principal sum of \$15,696.81. Payment will be made in two installments and interest will not be assessed on the unpaid principal.

**PAYMENT SCHEDULE:** The first installment, in the amount of \$7,848.41, will be due June 1, 2013. The second installment, in the amount of \$7,848.40, will be due August 31, 2013. Payments shall be mailed to:

USDA Forest Service, Albuquerque Service Center  
Attn: Claims Management  
101B Sun Avenue NE  
Albuquerque, NM 87109

To properly credit the correct account, the debtor 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, 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 the debtor fail to make a payment in accordance with this agreement, the USDA, Forest Service will refer the unpaid obligation 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 the debtor will be responsible for this past due debt;
- Refer the debt to a private collection agency for further collection action. A court order is not required;
- 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 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 the debtor 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 a debtor 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.

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Date

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Signature