

**Challenge Electronics**

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Parties: Challenge Electronics, Inc. a New York corporation, hereby referred to as “Challenge Electronics” or “Challenge”. Any individual, person, company and/or entity acquiring and/or purchasing from or through Challenge Electronics shall hereby be referred to as the “Buyer”.

Terms and Conditions

1. **Documentation:** Challenge Electronics manufactures products according to the specifications, and schematics provided to the Buyer. Any of the documentation stated above are believed to be accurate, but no guarantee or warranty, expressed or implied, with respect to accuracy, completeness or results is extended and no liability is assumed. Challenge Electronics reserves the right to make changes to any of the aforementioned documentation with no prior notice.
2. **Pricing and Adjustments:** Unless otherwise specified in writing by Challenge Electronics, all prices stated are F.O.B from the factory or warehouse from which the shipment was made to the Buyer. The prices quoted do not include any sales, use, or other local, state, or federal taxes unless specifically stated. Payment terms will be per the invoice provided for shipment. Any invoices unpaid will be subject to a service charge on the remaining balance up to the maximum allowable interest rate under applicable law. Any expenses incurred by Challenge Electronics in collecting any unpaid balance will be the liability of the Buyer.
3. **Scheduling, Lead Times, and Delivery Dates:** All shipment schedules must be agreed upon between Challenge Electronics and the Buyer. Any changes to the schedule must be communicated to Challenge promptly and any additional charges accrued are the sole responsibility of the buyer. Any lead times and delivery dates communicated are estimates based on past transactions, timelines provided by manufacturing based on assembly timeline and material sourcing, and shipment method. Challenge Electronics will not be liable for any delays in shipment or receipt due to the transportation carrier nor for any damages caused by said delay.
4. **Cancellations:** Once Purchase Orders are accepted by Challenge Electronics, POs cannot be cancelled without prior written consent from Challenge. All losses or damages as a result of cancellation will be the responsibility of the Buyer even with consent from Challenge. Challenge reserves the right to charge an additional cancellation fee, contingent on the current status of the product, any raw materials purchased, or any previously communicated minimum purchase requirements or non-refundable charges.
5. **Claims:** Claims for shortages will be accepted only if reported within 10 days of delivery. For any other claims, the Buyer must inform Challenge Electronics of the issue for analysis so a proper course of action can be determined. Challenge will not accept claims for defects unless the fallout exceeds 1000 DPPM. In the case where the fallout exceeds this, Challenge’s liability under such warranty is limited to the replacement of the products and only upon confirmation in writing that the parts are defective as a result of the Challenge manufacturing process and a replacement is approved. Challenge accepts no liability costs associated to claims unless otherwise agreed upon in writing by Challenge.
6. **Warranty:** Challenge warrants that its products are to be free from defects in material and workmanship for a period of 12 months, or otherwise specified, from the date of shipment to the original buyer under proper and normal use of the product. Any damage determined to

originate at the Buyer's facilities due to mishandling or improper repairing of the product and any damage originating from the shipment of said products will not be supported.

7. **Patent, Trademark, Copyright Infringement, Etc.:** The Buyer shall indemnify Challenge Electronics and hold Challenge Electronics harmless against all loss, damage, expense arising from any suit or claim against Challenge Electronics as a result of the infringement, of any patent, trademark, copyright, or any other intellectual property from the manufacturing of any custom designs, specifications, or instructions.
8. **Limitations of Liability:** Challenge Electronics is not liable for any damage or expenses incurred as a result of, but not limited to, non-delivery, mishandling, or servicing unless otherwise specified by Challenge in writing. The cost of liability shall not exceed the purchase price of the defective products a claim is placed against. In addition, Challenge is not liable for any damage or expenses as a result of unforeseeable events such as natural disasters or national events.
9. **Entire Agreement:** The terms and conditions listed above constitute a complete agreement between Challenge and the Buyer. They are applicable to all purchase orders, quotes, or any technical documentation provided to the Buyer regardless of whether or not the terms and conditions are appended to said document. Any additional or conflicting terms or conditions requested by the Buyer must be conveyed to Challenge who shall provide written acceptance of the terms. Acknowledgement of such terms in any other way does not imply acceptance.
10. **Governing Law and Severability:** Challenge Electronics abide by sales laws governed and construed by the State of New York. In the event where any provisions violate any such laws, whether through oversight or change to any established laws, those provisions and only those provisions shall be rendered ineffective.
11. **Dispute Resolution:** Both Challenge and the Buyer will attempt to resolve, in good faith, any disputes resulting from the transaction through negotiations between authorized personnel. In the event that issues are not resolved through informal negotiation, the dispute shall be resolved through compulsory arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and in accordance with the laws of the State of New York without regard to the provisions thereof concerning conflicts of law. Arbitrators and conditions for costs and reimbursement shall be established beforehand.
12. **Tariffs:** All relevant orders will be invoiced in accordance with the applicable tariffs at the time of processing based on Country of Origin. Challenge Electronics retains the right to determine necessary tariff charges based on the current rates and to modify tariff charges as deemed necessary.