

Credit & Debit Card Authorization Hold

The following explanation of banking terms and processes is meant to assist you in understanding the charges associated with your Gardner Inc. purchase(s) in general terms. For specific information on how your account has been affected, you must contact your financial institution.

Authorization hold (also **card authorization, preauthorization, or preauth**) is the practice within the banking industry of authorizing electronic transactions done with a debit card or credit card and holding this balance as unavailable either until the merchant clears the transaction (also called settlement), or the hold "falls off." Debit card authorization holds can fall off the account (thus rendering the balance available again) anywhere from 1–5 days after the transaction date depending on the bank's policy. Credit card holds may last as long as 30 days, depending on the issuing bank.

Signature-based (non-PIN-based) credit and debit card transactions are a two-step process, consisting of an authorization and a settlement.

When you place an order with Gardner and pay with a debit card, you trigger the following events:

- A preauthorization hold for the amount of the parts, \$12.45¹ in shipping & handling, and any sales taxes that may apply² is placed on your debit card account. This will show on the account as a "pending transaction." The money never leaves the account but it is unavailable to the account holder until the hold "falls off."
- The actual order charge will post to the debit card account. Contrary to popular belief, this process is not instantaneous: the transaction may not appear on the customer's statement or online account activity for one to two days.
- There may be a period of "overlap" where both the preauthorization and the actual charge appear on the online activity for one to two weeks before the authorization hold "falls off." Only the actual order charge removes money from the debit card account. However, the funds held by the preauthorization hold are not available for other transactions until it is released by the cardholder's bank. ***If a debit card holder is not aware of the available balance on the card, this process can result in overdraft or over limit fees being charged to the account.***

Example:

This example is for balance representation only and is not an example of a bank statement.

	Available Funds
January 4, 2010	
Opening balance:	\$500.00
Gardner Inc. – Pending Transaction: (\$30.00 in parts, \$12.45 S & H, no sales tax)	-\$42.45
Ending balance:	\$457.55
January 5, 2010	
Opening balance:	\$457.55
Gardner Inc. – Actual Charge: (\$30.00 in parts, \$13.95 S & H, no sales tax)	-\$43.95
Ending balance:	\$413.60
January 6, 2010	
Balance:	\$413.60

Credit & Debit Card Authorization Hold

January 7, 2010

**Available
Funds**

Opening balance:	\$413.60
Gardner Inc. Pending Transaction (preauthorization ³) “falls off”	+\$42.45
Ending balance:	\$456.05

Preauthorization Hold Time Line Example³

4-Jan-11	5-Jan-11	6-Jan-11	7-Jan-11
\$42.45 Preauthorization/Pending Transaction			Preauth drops off
	\$43.95 Actual Charge		
	\$86.40 in funds unavailable		

In this example, on January 5th and 6th it looks like there are two charges from Gardner Inc. on the account. Only one is the actual charge, however \$86.40 (\$42.45 preauthorization³ (preauth) + \$43.95 actual charge) is temporarily “tied up” because of the purchase on January 4th. Since the Preauth is not a charge it may not be reflected on an online or ATM balance. This can create a false impression of the balance, and can cause the customer to spend more than they actually have available in the account. This may result in overdraft or over limit fees from your financial institution.

If you have any questions regarding this publication, please contact John Masterson at 800-848-8946 + 1 + 3544.

¹ The shipping and handling charges for consumer orders are based on a sliding scale and determined by the dollar amount of the parts purchased. **This also applies to any orders shipping outside of the continental US:**

FedEx Domestic U.S. Shipping Charges
Up to \$24.99 = \$12.45
\$25.00 to \$49.99 = \$13.95
\$50.00 to \$199.99 = \$17.45
\$200.00 to \$499.99 = \$24.45
\$500.00 and up = \$32.45

FedEx Shipping Charges HI, AK, CANADA, PR, US VI
Up to \$49.99 = \$34.95
\$50.00 to \$99.99 = \$44.95
\$500.00 and up = \$50.00

FedEx International Shipping Charges
Up to \$24.99 = \$34.95
\$25.00 to \$49.99 = \$49.95
\$50.00 to \$99.99 = \$59.95
100.00 and up = \$79.95

Gardner always uses the lowest shipping and handling charge for preauthorization in an attempt to minimize the amount of funds on “hold.” This may result in a discrepancy between the two amounts listed on your account. In the statement example above, the preauthorization amount is \$42.45 with S & H and the actual charge is \$43.95 with S & H.

² Gardner is required to charge sales tax in states where we have offices or warehouse facilities.

These states are:

- Florida
- New Jersey
- Ohio

³ This is an example of what could happen with a preauthorization hold. Hold times vary by financial institution. Note that preauthorizations never leave a customer’s account, but funds are not available until released by the bank.