

FREIGHT TERMS

What is freight?

1. Supplies, goods, and transportable property being moved between locations.
2. Compensation paid for the transportation of goods or for the use of a carrier.

Definitions of Standard Freight Terms

Free on Board (F.O.B.) Destination: Title changes hands from the supplier to the public entity at the destination of the shipment when the public entity signs for the goods; the supplier owns the goods in transit, assumes responsibility for carrier selection, and files any claims for damages incurred during this period. It does not address the responsibility for the cost of transportation (freight charges) which must be specified with the inclusion of additional language.

Free on Board (F.O.B.) Destination, Freight Collect: Title passes at destination, and buyer pays the freight.

Free on Board (F.O.B.) Destination, Freight Collect and Allowed: Title passes at destination, and buyer pays the freight and deducts it from the seller's invoice.

Free on Board (F.O.B.) Destination, Freight Prepaid and Added: Title to the goods passes from the supplier to the agency at the point of destination and supplier pays the freight expense and then adds the freight expense to the agency's invoice. Supplier owns goods in transit and files claims, if any.

***Free on Board (F.O.B.) Destination, Freight Prepaid and Allowed:** Title passes at destination, and seller pays the freight.

Free on Board (F.O.B.) Origin/Point: Title changes hands from the supplier to the public entity at the origin of the shipment. In this scenario, the public entity owns the goods in transit, assumes responsibility for carrier selection, and files any claims for damages incurred during this period. It does not address the responsibility for the cost of transportation (freight charges) which must be specified with the inclusion of additional language. See further definitions below which must state who is responsible for freight charges.

Free on Board (F.O.B.) Origin/Point, Freight Collect: Title passes at origin, and the buyer pays the freight.

Free on Board (F.O.B.) Origin/Point, Freight Prepaid and Added: Title passes at origin, and seller pays the freight and then collects the charges from the purchaser by adding them to the invoice.

Free on Board (F.O.B.) Origin/Point, Freight Prepaid and Allowed: Title to the goods passes from the supplier to the agency at point of origin and supplier pays and bears the freight expense. Agency owns goods in transit and files claims, if any.

Free on Board (F.O.B.) Origin, Freight Prepaid and Charged Back: Title passes at origin; seller pays the freight and adds it on to the seller's invoice.

***Note:** This freight term provides the City with the least amount of risk.