

Buying Manual

Subject: Shipping and Receiving Procedures

Title: FOB Terms and Responsibilities

Number: 803A

Issued: February 9, 2009

Revised: March 1, 2012

FOB Term	Payment of Freight Charges	Who Bears Freight Costs	Owns Goods in Transit	Who Files Claim (if any)	Explanation
FOB Destination, freight prepaid *	Seller	Seller	Seller	Seller	Title passes to Buyer when goods are delivered. Seller pays and absorbs all freight costs.
FOB Destination, freight prepaid and added to invoice	Seller	Buyer	Seller	Seller	Title passes to Buyer when goods are delivered. Seller pays shipping costs and adds the cost to their invoice.
FOB Destination, freight collect	Buyer	Buyer	Seller	Seller	Title passes to Buyer when goods are delivered. Carrier bills Buyer for the freight costs.
FOB Shipping Point, freight prepaid	Seller	Seller	Buyer	Buyer	Title passes to Buyer at vendor's dock. Seller pays and absorbs all freight costs.
FOB Shipping Point, freight prepaid and added to invoice	Seller	Buyer	Buyer	Buyer	Title passes to Buyer at vendor's dock. Seller pays and absorbs all freight costs.
FOB Shipping Point, freight collect	Buyer	Buyer	Buyer	Buyer	Title and control of goods passes to Buyer when carrier signs for goods at the vendor's location. Carrier bills Buyer directly.

* Cornell's preferred terms