

F.O.B.

Free On Board (F.O.B.) In domestic trade, and when the item is used with no further explanation, it means delivery of the goods with all charges paid aboard the carrier's equipment without cost of the to the buyer. However, the F.O.B. terms go far beyond this concept and establish a contractual arrangement in which title is transferred between supplier and purchaser at the F.O.B. point.

F.O.B. Terms	Pays Freight Charges	Bears Freight Charges	Owens Goods in Transit	Files Claims
Shipping Point or Origin, Freight Collect	Buyer	Buyer	Buyer	Buyer
Shipping Point or Origin, Freight Prepaid and Added	Seller	Buyer	Buyer	Buyer
Shipping Point or Origin, Freight Prepaid	Seller	Seller	Buyer	Buyer
Destination, Freight Collect	Buyer	Buyer	Seller	Seller
Destination, Freight Prepaid and Added	Seller	Buyer	Seller	Seller
Destination or Destination Prepaid Allowed or Destination Freight Prepaid	Seller	Seller	Seller	Seller

The FOB location terms, Origin and Destination, may be qualified by modifiers. The modifier determines the payment of the transportation charges. Modifiers denote **nothing** regarding the title of the goods or filing of claims. The most three common modifiers are: Collect, Prepaid & Add, and Prepaid and Allow.

Collect	The carrier collects the transportation charges from the buyer.
Prepaid & Add	The seller prepays the transportation charges, but adds the charges to the invoice for reimbursement from the buyer.
Prepaid & Allow	The seller prepays the transportation charges and they are included in the contract price.

F.O.B. Shipping or Origin, Freight Prepaid: means that the purchaser obtains title where shipment originates and is responsible for all shipment originates against the carrier, but that the supplier pays for the freight charges.

F.O.B. Origin, Freight Collect: means that the title passes to the buyer at the point of origin, and that the buyer must pay the freight charges. The buyer owns the goods in the transit, and files all claims against the carrier. Purchaser will be billed directly by the carrier.

F.O.B. Shipping Point or Origin, Freight Prepaid and Added: means that title passes to the buyer at the point of origin, and that the freight charges are paid by the supplier and then collected from the purchaser by adding the amount of the freight charges to the invoice. The supplier pays the freight charges and files claims for overcharges. The purchaser bears the freight charges, owns the goods in transit, and files claims for loss and damage with the carrier.

F.O.B. Destination, Freight Collect: means that title passes from the supplier to the buyer at the destination point, and that the freight charges are the responsibility of the purchaser. The supplier owns the goods in

transit and is responsible for filing loss and damage claims against the carrier, but the purchaser pays and bears freight charges and files any overcharge claims. The purchaser will be billed directly by the carrier.

F.O.B Destination Freight Prepaid and Allowed, or F.O.B. Destination Freight Prepaid, or F.O.B. Destination Freight Allowed: means that title passes from the supplier to the buyer at the destination point, and that the supplier pays the freight charges. The supplier pays and bears the freight charges, owns the goods in transit, and may file claims for overcharge, loss, and damage, etc.

F.O.B Destination, Freight prepaid and Added: means that the title passes at the destination point, and that the freight charges are paid by the supplier and added to the invoice. The supplier pays the freight charges, owns the goods in transit, and files all claims for overcharges, loss, damages, etc. The purchaser bears the freight charges.