

FREIGHT/DELIVERY TERMS

(F.O.B. Means “Free on Board” but Shipping is Seldom Free)

Below are explanations of the freight terms available to the UCF community when creating purchase requisitions for commodities. Vendors prefer delivery terms of F.O.B. Origin, Freight Prepaid & Add because freight cost and risk during shipping would be UCF’s responsibility. However, when negotiating a procurement, regardless of dollar amount, departments should attempt to have the vendor agree to accept responsibility for shipping cost and the risk while the item is in transit. If the vendor agrees to pay shipping, there is no action required when creating the purchase requisition because "Dest: F.O.B. Destination, Freight Prepay" is now the default freight code in PeopleSoft Financials (see below for meaning). When vendors resist paying freight, simply continue to shop until you find a vendor that will ship free.

Departments that are unsuccessful in finding a vendor who will accept freight responsibility can still decrease their freight cost by providing the vendor their department’s FedEx shipping account number since UCF has discounted rates from FedEx. Simply instruct the vendor to insert the department's FedEx account number on the shipping label under “Bill Recipient” and the freight discount will automatically be applied to the shipment.

Departments agreeing to absorb freight cost must change the freight code on the purchase requisition from the defaulted F.O.B. Destination, Freight Prepay to whichever below term was agreed upon with the vendor.

Freight Terms	Ownership	Payment Terms
Dest: F.O.B. Destination, Freight Prepay	Ownership passes to UCF when the carrier delivers the product to the delivery point specified by UCF. Vendor owns product in transit.	UCF is not billed. Vendor pays freight charges.
DestAdd: F.O.B. Destination, Freight Prepay & Add	Ownership passes to UCF when the carrier delivers the product to the delivery point specified by UCF. Vendor owns product while in transit.	UCF is billed by vendor for freight charges.
Org: F.O.B. Origin, Freight Prepaid	Ownership passes to UCF when product is signed for by the carrier at the vendor's shipping point. UCF owns product while in transit.	UCF is not billed. Vendor pays the freight charges.
OrgAdd: F.O.B. Origin, Freight Prepaid & Add	Ownership passes to UCF when product is signed for by the carrier at the vendor's shipping point. UCF owns product while in transit.	UCF is billed by vendor for freight charges.
Pickup: UCF Pickup Item	Ownership passes to UCF upon pickup of product.	No freight cost to either party.