
Other Questions

Are dealerships required to charge an administrative service fee?

State law does not prohibit dealers from charging an administrative service fee, but it does not require them to do so.

Do all dealerships charge the same amount for their administrative service fee?

The decision to charge an administrative service fee is made by each dealership. This is a business decision made by each dealership.

Are dealerships the only businesses that charge an administrative service fee?

Many other businesses charge fees for services that are provided beyond the scope of simply selling their product. Other companies may charge various fees to perform services for customers. For example, mortgage lenders, banks, credit unions and other financial institutions regularly charge handling fees to process paper work and other documents, as do government entities.

The Kansas Automobile Dealers Association has served Kansas' franchised new automobile and truck dealers since 1932.

The association provides educational, legislative, legal, and regulatory assistance to local dealerships in Kansas.

The association represents dealers. We do not provide arbitration or legal assistance in disputes between dealers and consumers.

This brochure is provided for informational purposes only and is not a substitute for Kansas law or regulation, nor is it legal advice.

All laws and regulations are subject to change.



Representing Kansas
New Car & Truck Dealers
Since 1932

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Kansas Automobile
Dealers Association



Understanding Administrative
Service Fees

What is an Administrative Service Fee?

An "administrative service fee" is charged by most dealerships. This fee is similar in many ways to the additional fees charged by many other industries. The administrative service fee helps to compensate dealerships for the cost and risk they incur in doing business. As with most businesses, dealerships frequently provide services to customers for the benefit of the customer for which they are not directly compensated in the sale of a vehicle.

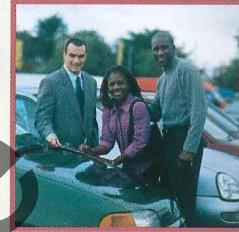
Included Items

The sale of a motor vehicle is very complex. While each dealership determines how it does business and what it charges for goods and services, some of the services for which the administrative service fee is charged are:

- The dealers essentially guarantees proper title delivery to the consumer on every vehicle sold.
 - Processing trade-ins, including tracking lost or faulty titles and obtaining out-of-state or lender-held titles.
 - Assisting the customer in applying for refunds and entitlements due from traded or newly purchased vehicles.
 - Place and remove liens on behalf of financial institutions with a security interest in the vehicles
 - In most cases where the customer is obtaining credit to purchase or lease a vehicle the lender requires the dealer to guarantee that the lender on the vehicle is protected in accordance with the law.
 - Developing alternative payment methods for customers for the vehicle chosen (various lease options, cash and loan combinations)
 - Creating and maintaining customer records to assure proper handling of the transaction, assist in documenting the vehicle's history, i.e. physical damage, fire or flood damage, theft or domestic discrepancy
 - Assisting the customer in notifying their insurance company of the new purchase (the customer is ultimately responsible for obtaining necessary insurance)
 - Check each purchaser or lessee against federal lists to ensure the customer is not among the prohibited individuals or companies suspected to support illegal or terrorist activities. (U.S. Office of Foreign Assets Control)
 - Verifying customer identity and information to protect consumers against fraudulent and improper transactions in the consumer's name. (Fair and Accurate Credit Reporting Act)
 - Keep your financial information safe, private and secure. (FTC Safeguard Rule)
 - Providing advice concerning vehicle titling options and alternatives and providing assistance for out-of state titling, including necessary paperwork.
- Not all of these transactions will be performed in every sale or by every dealer. These are just examples. There are many more not included in this list.

Regulatory Requirements

To protect consumers, the State of Kansas has enacted laws and regulations directly affecting the sale of cars and trucks. Licensing laws require people and companies who are in the business of selling motor vehicles to be licensed. These laws regulate dealers and require licensed dealers to have a bond, proper signage and access for the public. The law also requires that sales people be licensed to help insure that consumers are dealing with those who have met certain state mandated standards.



Other laws and regulations related to documentation are intended to assure consumers are provided with complete and accurate information on the vehicles they purchase or lease, and that the vehicles they purchase or lease are appropriately titled and registered.

The Contract of Sale

One of the primary Motor Vehicle forms used in a motor vehicle transaction is the Contract of Sale.

This document contains a list of all the items associated with a vehicle's selling price. For a new car this will include the purchase price, any factory added accessories. All charges associated with



the transaction must be included on the Contract of Sale. In order to simplify the charges for services the dealership provides to customers that are not part of the normal process of selling a car, many dealerships assign them the collective category of "administrative service fee" instead of itemizing each of these. This administrative service fee is disclosed on the Contract of Sale and is subject to Kansas and local sales tax.