



CHECKLIST: LETTER OF INTENT TO PURCHASE A DENTAL PRACTICE

- 1. **Non-Binding.** With the exception of the “confidentiality” and “exclusivity/no-shop” provisions, as described below, the letter of intent should be non-binding.
- 2. **Purchase Structure.** Unless you are becoming a partner in a practice, purchase the assets of a practice, not the stock or LLC interests.
- 3. **Price and Payment Terms.** Be precise. If the seller wants a deposit or is expected to be the “bank,” the LOI should reflect that arrangement. Try to agree upon the purchase price allocation.
- 4. **Accounts Receivable and Excluded Assets.** Specify whether receivables are being purchased. If not, do you intend to assist with the collection of receivables (usually, for a modest fee)? Any other excluded assets?
- 5. **No Assumption of Liabilities.** Other than the lease, you typically will not want to assume any of the seller’s liabilities or ongoing contracts.
- 6. **Post-Closing Transition Period.** Will the seller stay on with the practice to help transition the goodwill to you? This can be an essential component of a smooth transition. How will you compensate the seller?
- 7. **Non-Competition and Non-Solicitation Restrictions.** Specify the geographical area and duration of these vital post-closing restrictions.
- 8. **Contingencies.** As applicable, the purchase should only happen if you get a favorable bank loan. You also want to assume the seller’s lease and have the landlord agree to any additional term required by your lender. If the property is owned by the seller, specify the lease terms and include an option and first right of refusal to purchase the property.
- 9. **Confidentiality.** Both parties should agree to keep the negotiations and due diligence information completely confidential.
- 10. **Exclusivity/No-Shop.** If the seller is interested in accepting your offer, the seller must agree to take the practice off the market and not entertain any additional offers.

Are you ready to be your own boss? Then it’s time to purchase a dental practice! When you finally find that “perfect” practice, you will want to present a letter of intent (LOI) to the Seller. Your broker or CPA may provide you with a “fill in the blank” form, and it may be adequate if it contains the fundamental terms of a dental practice purchase. The main goal? Deal with all the fundamental issues upfront, before spending too much time and money. If there are “deal-killers,” address them early on (before getting emotionally attached to the dental practice).

For more information, contact Phil Bogart at pbogart@wtplaw.com or 410.347.8710. Phil represents dentists in business transactions and situations encountered during the life of their practices. Services include structuring/documenting employee arrangements, partnerships, acquisitions and other exit strategies. Please note, the above list should not be considered legal advice and does not create a client-lawyer relationship.