



ADS Florida BuyLine

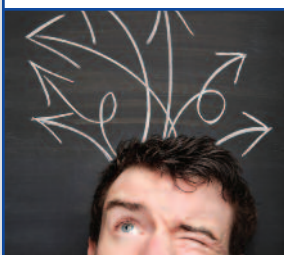
OPPORTUNITIES FOR DENTAL PRACTICE BUYERS & ASSOCIATES

JUNE 2012

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ADS Florida
Congratulates

Luis Gomara, DMD
to Damaris Salcines, DMD
Cape Coral

Harold Arthur, DMD
to Joseph Richardson, DMD
Maitland and Eustis

Janice Wahl, DMD
to Maryam Brazdo, DMD
Melbourne

Charles E. Fletcher, DDS
to Aleesha Freimuth, DMD
Ocala

Walter G. Fletcher, DDS
to Aleesha Freimuth, DMD
Ocala

The State of the Dental Economy

Trends That Will Affect Your Practice Purchase



Just as large corporations provide quarterly updates to their stockholders and the general public, we at ADS Florida would like to give you, our doctor clients, a periodic update to keep you informed of the state of the "dental economy" as it relates to practice transitions and the buyer marketplace.

General Dental Economy

The First Quarter of 2012 continued to show improvement in the dental industry as the economy recovers. Though still fragile and somewhat dependent on international economic conditions, indications are that slow growth and improved stability will continue. The stock market has recovered largely from the losses incurred during the recession. Though still somewhat volatile, it seems to have stabilized, with Q1 earnings showing slow growth.¹ Though many dentists lost significant portions of their retirement portfolios, some, if not all, of those losses should have been recovered.

Buyer Availability

Florida never seems to be lacking in qualified buyers for most areas of the state. Qualified buyers are individuals who have some actual practice experience that may include GPR or other residency programs or associateships. However, the primary qualification continues to be a good credit history and score.

Bank Financing

Currently, there is an abundance of financing available from multiple banking sources at very competitive rates, ranging from in the mid 5% to the mid 6% for qualified buyers. Lenders are still financing 100% of the loans, with additional working capital available. Although student loan debt is still an important factor, banks are comfortable with the increasing amount of debt many younger dentists have.

Practice Availability and Value

In contrast to there being many qualified buyers, there is currently a lack of quality practices on the market. Those considering a purchase in the near future should contact our transition specialists to discuss the parameters of the practice they are interested in, so that when a practice becomes available, a potential match can be made. Also, practice opportunities in non-urban or more rural areas may merit strong consideration. An opportunity still must show good cash flow for it to make sense, but in the cases where the practice does, practice values are staying strong.

Confidentiality/Non-Disclosure and "Client" Relationships

We are planning a more in-depth article about this topic, but as a short primer, we are still seeing potentially deceptive agreements covering confidentiality/non-disclosure from brokers in the industry. These agreements attempt to bind the purchaser to the particular broker and establish a relationship that isn't necessary and may be potentially damaging to a transition. Please read these agreements carefully and be wary of clauses that attempt to reach beyond what is necessary to simply maintain confidentiality.

¹ Bank of America Capital Market Outlook

What bankers would do if they were you

How to Choose A Lender—From a Lender's Point of View



As one of the most tenured teams in practice transitions, we have been fortunate to build strong relationships with national lending institutions that specifically focus on dental practice transitions. In an effort to share their collective experience, we are starting a series of roundtables whereby you will hear directly from each of them on the same topic. If you would like to speak directly to any of our resources, we have included their names and contact numbers at the end of the article. Further, if you have a question that may be appropriate for a future roundtable (whether for bankers or other professionals such as attorneys or accountants), please let us know at newsletter@ADSflorida.com.

Question: What is the MOST important factor in selecting a lender?

Bank Of America Practice Solutions

Conventional wisdom tells us that when looking for a loan, doctors should go with the lender with the lowest interest rate. After all it's just money right? Wrong! Choosing a bank to finance your practice is also about choosing a business partner. Rate is certainly important, but doctors should also focus on what the total cost of doing business with the bank will be in the long run. For example, what discounts will the bank offer on business checking, merchant services, payroll services and so on? Shouldn't you get significant discounts on these services if you borrow hundreds of thousands of dollars? We think so.

Also, what kind of business support does the bank offer after the deal is completed? Lenders with a long track record of working with dentists will do their best to protect themselves and their doctors from default by not letting you get yourself into a situation that historically doesn't work. There are many banks coming into the marketplace that may or may not understand the industry. Be careful whom you choose as a future partner.

As always, get everything in writing before committing to a bank. That means proposals, project finance agreements for startups or expansion/relocation projects, final loan documents, and anything else you want to see. If your landlord offered you a lease \$1,000 below market wouldn't you want to see it in writing with all the other terms associated with a lease? The same goes for any bank you are considering. Get everything in writing.

Bank of America.



Bank of America Practice Solutions
Matt Adrian at 866.813.8482

Capital Source

When selecting a lender there are two key elements for evaluation. First, working with a lender who understands your industry is the only way to insure you, a) get approved for 100% financing plus working capital, and b) are able to get the most attractive rates and flexible terms possible. Most financial institutions have loan officers who work on everything from gas stations to grocery stores and have most likely never worked on a loan for a dental office. Dental practice loans and especially practice acquisition loans are very unique, so watch out for the "local bank" that says it can get you a loan but really doesn't understand why dental practices are so

special. Secondly, it is important to keep your options open for the future and be able to negotiate individual business programs. Some lenders (even specialty lenders) will try to require you to do as much business with them as possible (for example deposit accounts and merchant services). Because your loan dictates that you must use their services, they are free to charge the highest fees, just like a monopoly.

Most people are led astray by a dangling low-interest-rate carrot. While interest rates are certainly important, they are not the only way for banks to make their money. It is classic misdirection when your attention is led to an unbelievably low interest rate, and you don't see that they are making their money back (with interest) on the other services you are paying top dollar for—or the prepayment penalties they don't tell you about. Keep your options open, as you never know what the future holds!



Capital Source

Capital Source

Kurt George at 855.248.4375

Wells Fargo Practice Finance*

The single most important factor when selecting a lender is finding a financial institution that understands and is well versed in dental practice acquisition lending. It is important to work with a lender who understands the goodwill and healthy revenues and expenses of a dental practice because they will often finance up to 100% of the purchase price and provide longer and more flexible repayment terms such as deferred payments. An experienced lender will also often provide a more streamlined application process, which is important to meeting critical deadlines.

Additionally, a seasoned dental practice acquisition lender should be able to help educate and protect you from factors that could negatively impact you after the purchase of the practice. They might also suggest other professionals to help you build your advisory team, such as an attorney, CPA, lease negotiator, etc.

Borrowers often focus solely on the interest rate and overlook the yield. Lenders can often quote a lower interest rate but obtain a higher overall yield by adding upfront fees and closing costs, prepayment penalties, variable rates versus fixed rates, etc. To overcome paying more over the life of the loan (even though it might look like less because of the lower interest rate), make sure you compare "apples to apples" by comparing the term of the loan, collateral requirements, prepayment penalties, and all the fees associated with the loan.

Also remember, it doesn't matter what the interest rate of the loan is if you can't afford the monthly payment. An experienced lender will do a global cash flow including both the practice and your personal debt to assure the terms of the loan are well-matched for your purchase price.

*ALL PRACTICE FINANCING IS SUBJECT TO CREDIT APPROVAL.



Wells Fargo Practice Finance

Wendy Catone at 866.817.1059

General and Specialty Practice Purchase Opportunities

NORTH FLORIDA

Contact: Paul Rang, DMD, JD

Jacksonville	5+1 ops FFS/PPO Pano	Gross	Buyer Net
Pensacola	3 ops FFS/PPO Dig X-ray & Pano RE Avail	UNDER CONTRACT	Reduced to \$225K

Specialty Practices

NE Florida	Pediatric 7ops Real Estate Available	\$1.25M	\$485K
NE Florida	Ortho - multiple locations 3 days/wk	Ask \$135K	
NW Florida	Endo 3 ops Dig X-ray microscopes	\$648K	\$330K
NW Florida	Perio 5 ops FFS/PPO Dig X-ray	Ask \$475K	

Practice Ready Facilities

Jacksonville	2,200 sq ft 4 ops, Dig X-Ray
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Associateships

General Practice - Jacksonville Fernandina Beach

SOUTHEAST FLORIDA

Contact: Stuart M. Auerbach, DDS

Coral Springs	5 ops FFS PPO Dig X-ray and Pan	Gross	Buyer Net
Delray Beach	3+1 ops FFS Dig X-ray and Pan	Ask \$225K	
Ft. Lauderdale	2+1 ops FFS	SOLD	
Miami Gardens	3 ops PPO HMO	Ask \$165K	
Pompano Beach	1800 sq ft free standing bldg. 6 ops	\$445K	\$134K
		Ask \$350K	

Practice Ready Facilities

Aventura	Surgery or Perio 2 OR + 2ops ICAT	ASK \$260K
Boynton Beach	4 ops plumbed for nitrous	FOR RENT
Clewiston	4 ops FFS, Med	\$650K \$250K
Port St. Lucie	2+2 op Equip, CPUs, Dig X-ray, Near Hospital	Ask \$200K

WEST FLORIDA

Contact: Greg Auerbach, MBA

Arcadia	3ops 100% FFS Merger	Gross	Buyer Net
Bradenton	4ops FFS Nearly Paperless	Ask \$80K	
Bradenton	5ops FFS Dig X-ray, Cerec & Laser	UNDER CONTRACT	
Bradenton	5+1ops FFS/PPO	\$625K	\$196K
		\$815K	\$273K

Specialty Practices

Sarasota/Bradenton	Endo 5ops DXray, Zeiss 5 Stage	\$850K	\$451K
West Florida	Pediatric 4 chairs FFS	\$250K	\$55K

Practice Ready Facilities

Land O' Lakes	2+3ops Dig X-ray and Pan
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SOUTHWEST FLORIDA

Contact: Greg Auerbach, MBA or Philip LoGrippe, DMD

Cape Coral	4+1 ops Digital Charts and X-ray	Gross	Buyer Net
		SOLD	

Practice Ready Facility

CENTRAL FLORIDA

Contact: Paul Rang, DMD, JD

Cocoa Beach	4 ops FFS/PPO 3 days/wk	Gross	Buyer Net
Levy County	7 ops 3 days/wk	\$374K	\$112K
Melbourne	7ops FFS/PPO Dig X-ray	\$362K	\$145K
Ocala	5 ops FFS Dig X-Ray + Pano	SOLD	
Ocala	8 ops FFS	\$825K	\$294K
Space Coast	6 ops FFS Dig X-ray, Pano	SOLD	
Winter Park	5 ops FFS	\$787K	\$198K

Specialty Practices

Central FL	Prosth 5 ops FFS Pano	UNDER CONTRACT
Central FL	Perio 8 ops FFS Pan	SOLD
Central FL	Endo 5 ops	\$587K \$312K
Central FL	Pedo 5 ops Pano-Ceph	\$503K \$143K
Central FL	Pedo 5 ops, Pano, Dig X-ray	\$1.27M \$492K

Practice Ready Facilities

Ormond Beach	2,000 sq ft Condo, 5 ops, specialty prac.	Ask \$307K
Merritt Island	2,000 sq ft office, 4 op, pano, Dig X-ray	

Associateships

General Practice Palm Coast



For the most recently updated listings visit listings.ADSflorida.com

Q&A

Q: How is ADS Florida different from other brokers in the state?

A: Experience counts. ADS Florida has been operating in the state longer than any other broker and is the only one that has met the stringent standards placed upon members of ADS nationally. ADS Florida also serves as the exclusive transition specialist for the Pride Institute.

How does ADS Florida rate among other transitions specialists?
Find out at adsflorida.com/howdowrate.pdf

What Our Clients Say

" I would highly recommend ADS Florida to any buyer or seller of a dental practice. Buying or selling a dental practice in today's world is too complicated to do it alone. Throughout the process, you have exhibited only the highest integrity. Please do not hesitate to use me as a reference for any potential clients. "

- Stephen D. Eingorn, DMD

Meet the ADS Florida Team



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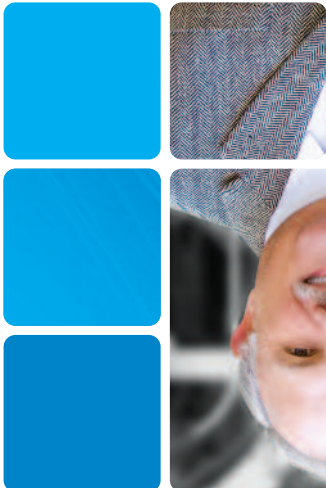
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Practice Transition Ahead?

ADS Florida's Hy Smith returns to FNDC this year with an update on his popular practice transition program. With his advice and insightful strategies for maximizing practice value, dentists have added thousands to their current income and retirement. Plan for the future ahead. Plan to attend.

Saturday, June 16 | 8:00 AM
insight.ADSflorida.com
 Eligible for 3 CEUs

insight series
 2 0 1 2



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- | **FAQ:** How Do We Rate Among Practice Brokers?
- | **Location, Location, Location.** Listings from All Around Florida.



What's New?

Transition volume is picking up with the economy. ADS Florida added a new team member, Phil LoGrippo. And, Paul, Greg, and Stuart are spotting new trends in parts of Florida. But, enough about us. We really want to know what's new with you.

Stop by the ADS Florida booth at FNDC.

Visit
FNDC
Booth
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